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U.S. Department of Agriculture

VOL. 3

1974 BUDGET EXPLANATORY NOTES

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RURAL DEVELOPMENT SERVICE

Purpose Statement

The Rural Development Service was established by Secretary's Memorandum No. 1730, dated May 13, 1971 and Supplement No. 1, dated September 3, 1971. The Rural Development Service provides overall coordination and planning of the programs of the Department of Agriculture. It also assists the Secretary of Agriculture in carrying out his responsibilities in response to the coordination requirements of the Rural Development Act.

Available Funds and Man-Years
1972 and Estimated, 1973 and 1974

Item	Actual 1972		Estimated 1973		Budget Estimate 1974	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Rural Development Service	$250,000	6	$400,000	7	$400,000	7
Total, Agricultural Appropriation Bill	250,000	6	400,000	7	400,000	7
Total, Rural Development Service	250,000	6	400,000	7	400,000	7

RURAL DEVELOPMENT SERVICE

Appropriation Act, 1973	$400,000
Budget Estimate, 1974	400,000

PROJECT STATEMENT

Project	1972	1973 (estimated)	1974 (estimated)
1. Program coordination and direction	$178,276	$400,000	$400,000
Unobligated balance	71,724	---	---
Total available or estimate	250,000	a/400,000	400,000

a/ Of this amount, $6,000 has been withheld from use in 1973, principally from funds budgeted for travel.

STATUS OF PROGRAM

The Rural Development Service was established to help improve opportunities for people who live in rural America. Its mission is to help Federal agencies extend their programs and services to all rural areas. The Service also assists and encourages other organizations and people involved in rural development efforts.

SCOPE OF THE SERVICE: The problems of rural areas are persistent and complex. Action is being taken to define the problems, measure the needs and provide workable solutions.

The Service is responsible for providing leadership at the Washington level; formulating plans to help extend the programs of other Federal agencies into rural areas; and providing staff assistance to the Secretary of Agriculture in coordinating and expediting the Department's effort to help build a better rural America.

SELECTED EXAMPLES OF SIGNIFICANT ACCOMPLISHMENTS:

1. Rural Development Act of 1972

 The Rural Development Service helped prepare testimony and informational material regarding rural development legislation. Several U.S. Senators and Representatives were briefed on rural development problems and issues. The Service participated in the White House Task Force that prepared legislation and Presidential messages on rural development.

2. Rural Development Reports

 The Rural Development Service prepared reports to Congress on "Information and Technical Assistance Delivered by USDA" pursuant to Title IX of the Agriculture Act of 1970.

3. State Rural Development Committees

 The Service provided information and assistance to the State Rural Development Committees regarding Federal programs in rural development.

4. Rural Development Program Representation

 The Rural Development Service is the focal point within USDA for overall rural development program representation. During fiscal year 1972, Rural Development Service staff participated and furnished primary inputs to over 60 organizational meetings concerned with rural development. The National Governors Conference, Conference of Regional Councils, Federal Regional Conferences, National Association of State Departments of Agriculture, Federal agency meetings and farm organizations are examples of such organizations. The Service organized three regional Conferences with the American Association of Junior Colleges and Vocational Association to discuss rural development programming coordination with USDA. Four meetings were held with the American Institute of Planners at the national, regional, and State levels to assist AIP in their efforts in rural development planning.

5. Federal Agency Coordination

 The Service jointly organized three meetings with personnel from the Economic Development Administration to discuss coordination of rural development programs and exchange of personnel. A meeting with the Department of Housing and Urban Development, Farmers Home Administration and Soil Conservation Service was initiated to discuss needed coordination activities in rural area planning. The Service participated in a program with the Department of Health, Education and Welfare to increase health services in rural areas. Examples of the results of this meeting can be observed in Oklahoma and Oregon.

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

Rural Electrification Administration

The Rural Electrification Administration was established by Executive Order 7037 on May 11, 1935, to make loans for the extension of central station electric service to unserved rural people. Statutory provision for the agency was made in the Rural Electrification Act of May 20, 1936. REA became a part of the Department of Agriculture on July 1, 1939, under Reorganization Plan II. On October 28, 1949, Public Law 423 amended the Act to authorize loans for the furnishing and improving of rural telephone service.

Through calendar year 1972, REA made direct loans for electric and telephone construction on a self-liquidating basis for periods not exceeding 35 years at a statutory two percent interest rate. Loans were also made for shorter periods at two percent interest to electric borrowers for wiring premises and the acquisition and installation of electrical and plumbing appliances and equipment.

Effective January 1, 1973, the REA direct loan programs are being discontinued in favor of insured and guaranteed loans under authority in the Consolidated Farm and Rural Development Act, as amended. The financing for these loans will be provided in the Rural Development Insurance Fund which is reflected in the budget for the Farmers Home Administration.

New electric and telephone loans will be made on an insured basis at five percent interest. Guaranteed loans will also be available where private capital is available on advantageous terms.

Rural Telephone Bank

Public Law 92-12, approved May 7, 1971, amended the Rural Electrification Act of 1936, as amended, to establish the Rural Telephone Bank as a supplemental source of financing for the growing capital needs of rural telephone systems. Public Law 92-324, approved June 30, 1972, further amended the Act to permit the Secretary of the Treasury to purchase the bank's debentures.

Equity capital of the bank consists of that subscribed by the United States, bank borrowers, organizations eligible to become borrowers, and organizations controlled by borrowers. Up to $30,000,000 in Government funds is available by Congressional authorization annually for purchase of the bank's Class A stock until such purchases equal $300,000,000. Borrowers are required to purchase Class B stock of the bank in an amount equal to five percent of their loan. Class C stock of the bank may be purchased by borrowers, by organizations eligible to borrow, and by organizations controlled by borrowers. The bank is authorized to borrow funds through the sale of its debentures not to exceed eight times its paid in capital and retained earnings.

Bank loans bear interest rates at the highest rate consistent with the borrowers' ability to pay, and with achievement of the Act's objectives, but not less than four percent. Some borrowers have received concurrent loans from the bank and REA. Bank loans must be fully amortized over a period not to exceed fifty years. Loans to date have been made for 35-year periods except two that were made for a 10-year period.

The Rural Telephone Bank is managed by a telephone bank board consisting of 13 members. The Administrator of REA serves as Governor of the bank until conversion to private ownership, control and operation. The Bank Board holds at least four regularly scheduled meetings a year. Activities of the bank are carried out by the existing REA employees and employees of the Office of the General Counsel.

Available Funds and Man-Years
1972 and Estimates, 1973 and 1974

	Actual 1972		Estimated Available, 1973		Budget Estimate 1974	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Rural Electrification Administration:						
Salaries and expenses	$ 16,706,000	821	$ 16,720,000	819	$ 16,720,000	809
Loan authorizations:						
Under Rural Electrification Act:			c/			
Rural electrification	545,000,000	- -	395,000,000	- -	- -	- -
Rural telephone	124,100,000	- -	145,000,000	- -	- -	- -
Under Rural Development Act: a/						
Rural electrification	- -	- -	- -	- -	618,000,000	- -
Rural telephone	- -	- -	- -	- -	140,000,000	- -
Total, loan authorizations	669,100,000	- -	740,000,000	- -	758,000,000	- -
Rural Telephone Bank b/	274,766,888	- -	340,670,880	- -	352,196,696	- -
Obligations under other USDA Appropriations:						
Farmers Home Administration for nonmetropolitan district planning	- -	- -	25,000	1	25,000	1
Agricultural Stabilization and Conservation Service	- -	- -	3,885	- -	- -	- -
Total, Agricultural Appropriation Bill	960,572,888	821	1,097,419,765	820	1,126,941,696	810
Other funds:						
Agency for International Development:						
Training of foreign participants	8,372	- -	9,000	- -	9,000	- -
Farm Credit Administration	1,723	- -	- -	- -	- -	- -
Office of Economic Opportunity	26,435	1	- -	- -	- -	- -
Office of Emergency Preparedness	- -	- -	6,315	- -	- -	- -
Miscellaneous reimbursements	4,729	- -	5,800	- -	16,000	- -
Total, other funds	41,259	1	21,115	- -	25,000	- -
Total, Rural Electrification Administration and Rural Telephone Bank	960,614,147	822	1,097,440,880	820	1,126,966,696	810

a/ Financing for these loans will be provided from the Rural Development Insurance Fund reflected in the Budget for the Farmers Home Administration.

b/ Includes appropriation of $30,000,000 and maximum borrowing by the Bank authorized by Public Law 92-12.

c/ Includes $107 million available but unused in 1972.

(a) Loan Authorizations

	Loan Authorizations		Estimated Loans	
Electrification Loans				
Appropriation Act, 1973	$595,000,000	a/	$228,000,000	
Rural Development Act, 1973	- -		390,000,000	b/
Total, 1973	595,000,000		618,000,000	
Budget Estimate, Rural Electrification Act, 1974	- -	c/	- -	
Budget Estimate, Rural Development Act, 1974	618,000,000		618,000,000	
Change	+23,000,000		- -	
Telephone Loans				
Appropriation Act, 1973	145,000,000		55,972,000	
Rural Development Act, 1973	- -		89,000,000	b/
Total, 1973	145,000,000		144,972,000	
Budget Estimate, Rural Electrification Act, 1974	- -	c/	- -	
Budget Estimate, Rural Development Act, 1974	140,000,000		140,000,000	
Change	-5,000,000		-4,972,000	

PROJECT STATEMENT
(On basis of Loan Authorizations)

	1972 Actual	1973 Estimated	Increase or Decrease	1974 Estimated
1. Rural electrification loans:				
Rural Electrification Act	$545,000,000	$595,000,000 a/	$-595,000,000	- -
Rural Development Act	- -	- -	+618,000,000	618,000,000
Total	545,000,000	595,000,000	+ 23,000,000	618,000,000
2. Rural telephone loans				
Rural Electrification Act	124,100,000	145,000,000	-145,000,000	- -
Rural Development Act	- -	- -	+140,000,000	140,000,000
Total	124,100,000	145,000,000	- 5,000,000	140,000,000
Total, loan authorization	669,100,000	740,000,000	+ 18,000,000	758,000,000

The following project statement reflects loans made in 1972 and estimated loans to be made in 1973 and 1974 from new loan authorizations, balances brought forward from prior years, and rescissions of prior year loans.

PROJECT STATEMENT
(On basis of actual or estimated loans)

	1972 Actual	1973 Estimated	Increase or Decrease	1974 Estimated
1. Rural electrification loans:				
Rural Electrification Act	$438,253,000	$228,000,000	$-228,000,000	- -
Rural Development Act	- -	390,000,000 b/	+228,000,000	$618,000,000
Total	438,253,000	618,000,000	- -	618,000,000
2. Rural telephone loans				
Rural Electrification Act	133,665,040	55,972,000	- 55,572,000	- -
Rural Development Act	- -	89,000,000 b/	+ 51,000,000	140,000,000
Total	133,665,040	144,972,000	- 4,972,000	140,000,000
Total Loans	571,918,040	762,972,000	- 4,972,000	758,000,000

a/ Includes $107 million available but unused in 1972.

b/ No specific amounts were provided in the 1973 Appropriation Act. These loans are being made under authorities of the Rural Development Act of 1972.

c/ Loans made under Rural Development Act authorities will be substituted for direct two percent loans under the Rural Electrification Act.

EXPLANATION OF ESTIMATES

Rural electrification loans: Effective January 1, 1973, the REA direct electric loan program was discontinued in favor of insured and guaranteed loans at higher interest rates under authority of the Consolidated Farm and Rural Development Act, as amended. Thus, no new loan authorization is being requested in 1974 under the authority of the Rural Electrification Act. An insured and guaranteed electric loan program of $618,000,000 is planned for 1974 and will be financed from the Rural Development Insurance Fund reflected in the budget estimates of the Farmers Home Administration. This loan level is the same as the level estimated for 1973. This program change permits considerably higher loan levels than would otherwise be possible since private lenders will be providing the credit thereby reducing the outlay impact on Federal funds. Also, use of the guarantee authority has a potential for facilitating the development of supplemental credit programs.

Private financing by the National Rural Utilities Cooperative Finance Corporation (CFC) and other sources is expected to finance a substantial portion of borrowers' capital requirements in 1973 and 1974.

The following table shows actual and estimated electric loans by purpose during fiscal year 1972 to 1974:

Electric Loans by Purpose
(In thousands of dollars)

	1972 Actual	1973 Estimate	1974 Estimate
Distribution loans:			
Under Rural Electrification Act.....	$282,600	$169,681	$ -0-
Under Rural Development Act.a/.....	-0-	219,000	250,000
Total distribution loans.....	282,600	388,681	250,000
Power supply loans:			
Under Rural Electrification Act.....	155,653	58,319	-0-
Under Rural Development Act a/.....	-0-	171,000	368,000
Total power supply loans.....	155,653	229,319	368,000
Total electric loans:			
Under Rural Electrification Act.....	438,253	228,000	-0-
Under Rural Development Act a/.....	-0-	390,000	618,000
Total.....	$438,253	$618,000	$618,000

a/ Insured and guaranteed loans.

The following table indicates the estimated loan needs of electric borrowers during fiscal years 1973 and 1974:

Amount of Electric Loan Needs
(In millions of dollars)

	1973	1974
Distribution.....	$ 430 (a)	$ 353
Power Supply.....	816	816
Total Loan Needs.....	$1,246	$1,169

(a) Includes $100 million reduction in the excess backlog of distribution applications which totaled $164 million as of June 30, 1972.

The distribution loan needs for 1973 and 1974 are based on past trends. The 1973 amount is sufficient to reduce the backlog of distribution applications on hand at June 30, 1972, by $100 million. The power supply loan needs represent the average annual projected total needs over a 6 year period. In view of the rapidly increasing demands for electricity, the capital needs of distribution and power supply borrowers will continue to expand. Priority is given to the needs of distribution borrowers by supplying most of their financing through Government sources, while the power supply borrowers are expected to obtain most of their needed loan funds from supplemental sources.

Substantial progress has been made in bringing outside loan funds into the electric program to supplement REA loans. During FY 1972 financing was arranged in the total amount of $751 million, of which $438.2 million came from REA and $312.8 million came from supplemental sources.

It is expected that the insured and guaranteed loans to be made under the Consolidated Farm and Rural Development Act, together with funds from supplemental lenders, will make it possible to develop financing arrangements that will meet the credit needs of the electric borrowers.

Rural telephone loans: Effective January 1, 1973, the REA direct telephone loan program was discontinued in favor of insured and guaranteed loans at higher interest rates under authority of the Consolidated Farm and Rural Development Act, as amended. Thus, no new loan authorization is being requested in 1974 under the authority of the Rural Electrification Act. An insured and guaranteed telephone loan program of $140,000,000 is planned for 1974 and will be financed from the Rural Development Insurance Fund reflected in the budget estimates of the Farmers Home Administration. A total loan program level of about $145 million is planned for 1973. In addition, Rural Telephone Bank loans are planned at $150,000,000 in 1974 and $126,000,000 in 1973. This program change permits considerably higher loan levels than would otherwise be possible since private lenders will be providing the credit thereby reducing the outlay impact on Federal funds.

The following tabulation shows applications considered and loans financed under the Rural Electrification Act, the Rural Telephone Bank, and the Rural Development Act of 1972. It appears that the large backlog of applications has now been stabilized, and, as the lending capability of the bank increases, will begin to be significantly reduced.

Amount of Applications
(in thousands of dollars)

	1972 Actual	1973 Estimate	1974 Estimate
Applications on hand at beginning of year	$544,388	$661,832	$640,860
Applications received during year	271,210	200,000	200,000
Total applications for consideration during year	815,598	861,832	840,860
Loans:			
Under Rural Electrification Act	133,665	55,972	-0-
Under Rural Development Act a/	-0-	89,000	140,000
From Rural Telephone Bank	90,955	126,000	150,000
Total	224,620	270,972	290,000
Net adjustments including applications returned	+70,854	+50,000	+30,000
Applications pending at end of year	661,832	640,860	580,860

a/ Insured and guaranteed loans

RURAL ELECTRIFICATION ADMINISTRATION

STATUS OF PROGRAM

The Rural Electrification Administration, under authority of the Rural Electrification Act of 1936, as amended, makes direct loans to qualified organizations to provide electric and telephone service in rural areas on a continuing basis. The objective for both the electric and telephone programs is to provide, through self-liquidating loans and technical assistance, adequate, dependable electric and telephone service to both farm and rural non-farm establishments on an area coverage basis, under rates and conditions that permit full and productive use of these utility services. Effective January 1, 1973, these direct loan programs were discontinued in favor of insured and guaranteed loans under authority of the Consolidated Farm and Rural Development Act, as amended (86 Stat. 657-667).

GENERAL PROGRAM ADMINISTRATION

Borrowers' General Funds - REA recommends that borrowers have sufficient working capital and reserves to promptly meet operating costs, taxes, debt service payments, and cost of routine construction and replacement, plus a reasonable reserve for contingencies. REA further recommends that borrowers use their general funds which are in excess of the above needs for investment in utility plant to the maximum extent possible in order to minimize borrowings.

Electric borrowers' general funds, as a percent of total utility plant on December 31, 1971, were 7.3%. Comparable figures for 1969 and 1970 were 7.9%, and 7.5%, respectively. Some borrowers have not yet reduced their general funds level to the REA recommended maximum of 8% of total plant or $100,000, whichever is greater.

At December 31, 1971, the telephone borrowers' general funds were 4.1% of total telephone plant. This is a decrease from 4.3% at December 31, 1970.

Loan Repayments and Delinquency - As of June 30, 1972, approximately $2.3 billion in principal repayments have been made by electric borrowers and $302 million by telephone borrowers. On September 30, 1972, only four electric borrowers were in arrears more than 30 days on debt payments, with the delinquencies totaling $2,939,812. In the telephone program, only three borrowers were in arrears, with delinquencies totaling $390,208. Total losses of REA stand at $44,478 in the electric program. This represents less than one thousandth of one percent of the total amount loaned in the electric program. No losses have occurred in the telephone loan program.

Advance Loan Repayments - The balance of advance payments by electric and telephone borrowers was $318.7 million on June 30, 1972. This is a decrease of $23.6 million from the June 30, 1971, balance of $342.3 million. In the electric program, the advance payment balance dropped from $317.1 million on June 30, 1971, to $293.5 million on June 30, 1972, a decrease of $23.6 million. This reflects electric borrowers' drawdown of their advance payment accounts in lieu of making their regular payments to enable them to invest in their own supplemental financing institution and to finance a greater share of their construction costs. The advance payment balance in the telephone program remained substantially unchanged at a level of $25.2 million at the end of 1972.

Accounting and Auditing - Financial and statistical reports furnished periodically by borrowers are a principal source of information for the review of loan security, appraisal of program objective accomplishments, and identification of problem areas. Experience has demonstrated that good accounting and reporting systems improve borrowers' operating efficiency. REA helps develop better trained borrowers' accounting personnel, and improved accounting and statistical records, through individual instruction; presentations at borrowers' meetings; reviews and evaluation of borrowers' records, reports, and practices; the publication

of accounting guidelines; and special training in utility accounting through workshops. Particular emphasis is placed on advice and assistance to new borrowers and other borrowers having need for such services.

REA borrowers are required to have their accounts and records audited annually by independent certified public accountants. These audit reports are reviewed to identify areas that may adversely affect loan security or program objectives. REA accountants review the quality of the audit work performed and make selected examinations of audit work papers to determine their adequacy. This review function is an important factor in preserving the integrity of the audit program and in insuring that the reports submitted are based on examinations carried out in accordance with acceptable audit standards. Currently, there are 502 certified public accountants performing audits of the borrowers' records.

During the fiscal year 1972, REA field accountants audited loan fund transactions of about 31 percent of the borrowers to evaluate the effectiveness of internal control systems, validity of data reported to REA, adequacy of the annual CPA audit, and adequacy of the borrowers' control over its assets. REA field accountants also provide advice and assistance to borrowers in developing effective financial management programs.

Near the end of the fiscal year, in the interest of promoting greater efficiency and economy in agency operations the Auditing and Accounting Division was formed. The new division administers activities having to do with both borrower and agency accounting and auditing including the Rural Telephone Bank.

Community Development - The function of the community development program is to assist individuals and communities in rural areas to provide more jobs and income opportunities, improve rural living conditions, and enrich the cultural life of rural America. REA assists borrowers and their associations to organize available resources to carry out programs and promote individual projects which will contribute to the growth and strengthening of the electric and telephone systems. Improved economic conditions result in more stable and prosperous rural communities and benefit borrowers through greater utilization of their facilities.

As grass roots organizations, the electric and telephone systems frequently take the lead in getting community support and mobilizing other local leaders for needed development activities. Types of specific activities are organizing local development corporations to help develop and finance businesses and industries, developing brochures describing the resources of an area, surveying the available labor supply in an area, seeking technical assistance and financial sources for prospective businesses and industries, forming organizations that can seek funds for construction of central water or sewer systems, determining housing needs in an area and helping locate funds for remodeling and new construction and seeking technical assistance and financial sources for recreational projects and health facilities.

A survey conducted by REA indicates that during calendar year 1971, REA borrowers assisted 820 commercial, industrial and community facility projects which resulted in almost 35,000 new jobs in rural areas.

Labor Relations - In representing the Government as mortgagee and in furthering the objectives of the Rural Electrification Act, REA is genuinely concerned that its 1,800 active borrowers, employing more than 50,000 workers, adhere to sound labor management policies and practices. Insofar as practicable, REA provides advice and information to its borrowers to assist them in maintaining compliance with applicable laws and regulations in this field. Information is provided concerning federal, state and local laws and regulations issued by the various agencies responsible for labor standards and practices. This information, provided through publications and presentations at meetings attended by borrowers

and sponsored by their state and national associations, assists their management personnel in the development and maintenance of good working relationships with their employees and encourages stability in the day-to-day operations of the REA-financed rural telephone and electric systems providing vital services throughout America.

Safety Training - REA assists borrowers' management in developing and implementing employee safety training programs to help prevent on-the-job accidents. REA works with 76 job training and safety instructors in 43 states which have training programs. These programs are financed by state vocational education departments, colleges and industrial training schools, statewide organizations, and the utility systems participating in such programs. REA receives and analyzes injury reports from REA-financed systems concerning accidents. The analyses of these accidents assist borrowers' management and safety instructors in identifying the training needs and implementing the necessary training to reduce hazards. REA's staff works with borrowers in preparing programs and lesson materials for job and safety training programs. REA participates with other interested groups in evaluating borrowers' safety practices when they apply for national recognition under the safety accreditation program. The safety staff of REA is actively engaged in the development of industry safety standards and safety codes in cooperation with the U. S. Department of Labor, U. S. Department of Agriculture, and the American National Standards Institute.

Insurance Requirements - REA assists borrowers to meet the insurance requirements of their mortgage and loan contract, and provides consulting services to evaluate developmemts in the insurance industry. The National Rural Utilities Cooperative Finance Corporation, (CFC), the electric borrowers' supplemental financing institution, has accepted the REA insurance requirements for the supplemental mortgage involved in joint REA-CFC financing. By agreement, REA furnishes a monthly insurance report to CFC to provide CFC with insurance clearance information for use in processing loan documents. Obtaining adequate insurance coverage continues to be a problem for those borrowers with power generating facilities. REA will provide assistance to borrowers in evaluating insurance proposals designed to provide for their individual requirements and protection.

Member Services - REA assists borrowers to develop effective member and community relation programs, including activities to (1) inform the members on the efficient use of electricity in farm operations and in the home, (2) inform members on the purpose and objectives of the cooperative and encourage their participation in cooperative affairs, (3) promote good community relations, and (4) provide employee training in borrower-consumer relations. Borrowers employ over 1,500 qualified persons specifically for duties in member and community relations and as advisors to members on power use.

REA prepares publications and develops training programs for borrower personnel including workshops, seminars, and formal presentations. An REA bulletin setting forth guidelines for borrower programs has been issued. In view of power shortages and environmental considerations, emphasis has been given to conserving power and shifting loads to off-peak periods.

Civil Rights and Equal Employment Opportunity - It is the policy of REA that no person in the United States shall, on the grounds of race, color, creed, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the REA electric and telephone programs. Provisions requiring the extension of service on an area coverage basis have been in REA loan contracts since the 1940's. Consequently, allegations of discrimination in the extension of service by borrowers are extremely rare. It is also REA policy that employment opportunities created by construction work involving federal financial assistance through REA loans are made equally available to all qualified persons, without regard to race, color, religion, sex or national origin. All REA borrowers are engaged directly or indirectly in construction, therefore, the requirements relating to federally assisted construction work apply also to the employment practices of each borrower.

REA is desirous that its borrowers involve more minority groups in its programs and activities and has recommended a four-point program designed to stimulate borrowers to achieve this objective. Borrowers are required to certify annually that they comply fully with all requirements of Title VI of the Civil Rights Act of 1964 and the Rules and Regulations of the Department of Agriculture issued thereunder. REA has a full-time Civil Rights Coordinator who coordinates the efforts of REA and its borrowers in carrying out this program. Also, REA has set up a task force of nine staff members who conduct civil rights progress reviews to determine the extent to which its borrowers are complying with the Civil Rights Act of 1964 and the Executive Order 11246. Thirty-six reviews are made annually. The concentration of these reviews are in the northeast, southeast and southwest areas.

Environment - REA borrowers, together with the rest of the electric industry, are still faced with the challenge of supplying a constantly increasing amount of electric power while lessening the impact of power production on the environment. Minimizing environmental impact is expensive, and it is estimated that REA borrowers will be loaned about $34 million dollars in fiscal year 1973 to hold pollution to acceptable levels.

In June 1971, REA issued its Bulletin 20-21, setting forth REA policy for complying with the National Environmental Policy Act of 1969. In fiscal year 1972, two supplements were added. These give detailed advice to borrowers regarding the preparation of environmental analyses for the construction of electric generation and transmission facilities.

To date, REA has prepared and issued 34 environmental statements in support of REA actions which had the potential of significantly affecting the human environment. About 30 more such statements are in the course of preparation.

Foreign Assistance - Foreign aid and training activities conducted on a reimbursable basis for the Agency for International Development in fiscal year 1972 decreased from the level of previous years. Approximately 47 representatives from 41 foreign countries received orientation and technical training in the rural electrification and rural telephone programs. In addition, REA responded to 215 written inquiries from 23 countries by furnishing technical and general information and publications.

Reorganization of REA - With the establishment of the National Rural Utilities Cooperative Finance Corporation and the Rural Telephone Bank, the workload of the REA electric and telephone staffs has become more complex and increased substantially. At the same time, REA has been absorbing operating cost increases which has, through the years, resulted in a gradual reduction in employment from 1,321 man-years in 1951 to an estimated 819 man years in 1973.

Effective July 1, 1972, REA made some organizational changes to provide for the most effective use of personnel under budget and staff limitations. The effect was a reduction of the average grade, savings in salaries and benefits, and consolidation of small branches with like functions. In the telephone program, three staff branches dealing with systems operation, engineering services, and management were combined, and two operations branches in an area office were merged, resulting in the elimination of five positions. In the electric program, three staff branches dealing with borrowers' management and data processing activities were combined into a single branch. The function of the architectural staff was transferred to the Distribution Engineering Branch and the function of the Power Systems Staff was absorbed within the Division, resulting in the elimination of seven positions.

Other changes, such as transferring experienced personnel to vacated positions and combining of functions within various staff offices, resulted in the abolishment of eight positions. Savings are being redirected to meet a part of increased operating costs. REA plans to continue combining functions and reassigning

personnel as opportunities occur to provide for the most effective operation of the programs within budgetary and staff limitation.

ELECTRIC PROGRAM

Borrowers' Progress and Financial Development - As of December 31, 1971, electric energy was being provided by electric borrowers to 6,747,698 consumers by 1,048 REA borrowers in 46 states, Puerto Rico and the Virgin Islands. Of a total of 981 active borrowers, 933 are engaged primarily in operating distribution systems and 48 are operating generation and transmission facilities exclusively. Sixty-seven borrowers have repaid their loans in full.

At the end of calendar year 1971, the 1,048 electric borrowers were operating 1,700,348 miles of line and employed 38,197 full-time employees. During calendar year 1971, borrowers added 305,366 consumers, 24,347 miles of line and 1,184 full-time employees.

Since 1948, the typical (median) electric borrower has more than doubled the number of miles of line operated and the number of consumers served. As of December 31, 1971, the typical REA-financed electric distribution borrower had 1,561 miles of line and served 4,977 consumers.

The following schedule provides a percentage distribution of kWh sold, revenue and total consumers by types of consumers for calendar year 1971:

Type of Consumer	kWh Sold	Revenue	Total Consumers
Residential Farm & Non-Farm.....	64.6%	69.9%	90.7%
Commercial & Industrial - Small.....	8.3	9.8	6.2
Commercial & Industrial - Large.....	20.8	13.6	0.4
Other Electric Service & Resale.....	6.3	6.7	2.7

The composite net worth of electric borrowers has increased steadily over the years. As of December 31, 1971, the composite net worth of 970 borrowers reporting was $1,820,569,063, or 27.4% of total assets, as compared with 26.0% for 1967. Distribution borrowers had a composite net worth of $1,721,887,840, or 33.7% of total assets, as of December 31, 1971, as compared with 31.5% in 1967.

Improvements in Electric Standards and Techniques - During fiscal year 1972, significant improvements were made in construction standards and specifications for the electrification program, and in the use of new and improved equipment and materials.

REA borrowers continue to install rural electric distribution lines underground at an increasing rate. Underground lines improve service reliability and practically eliminate outages from severe weather and other conditions, and at the same time maintain the natural beauty of the environment. Plowing in of the cable, which is the method used in most cases, permits construction at a cost approximating that of equivalent overhead lines in some areas. Underground construction can be expected to accelerate as this becomes more common.

REA engineers continued to work with other segments of the electrical industry in the development of voluntary national standards and codes. They participated in working committees and groups of the Institute of Electrical and Electronics Engineers, Inc.; American National Standards Institute; American Wood-Preservers' Association; American Society of Testing and Materials; and National Association of Corrosion Engineers, to assure that special requirements of small rural systems would not be overlooked.

Retail Rates - During fiscal year 1972, 172 REA electric borrowers reported retail rate changes. Increasing fuel and wholesale power costs coupled with rising construction and operating costs necessitated 170 increases which added $25,939,000 to the estimated annual revenues of these borrowers. These are industry-wide probelems and the cost of electric energy is expected to continue to increase in all sections of the country. There were only two rate reductions during the period and these represented relatively minor rate adjustments, decreasing annual revenues by about $221,000.

Management Assistance to Borrowers - REA continues to help borrowers develop better management practices and stronger financial positions through refinement of performance criteria, management assistance programs, merger assistance, and the economical use of automatic data processing equipment.

Assistance was extended, upon request, to 20 groups of borrowers in training their key personnel in planning and budgeting techniques, and in long-range financial forecasting. Assistance was also extended to borrowers in the selection, training and orientation of new managers. At this time in the rural electrification program, an increasing number of the original cooperative managers are retiring and the new managers are to some extent unfamiliar with the management of rural electric cooperatives and their relationships to REA.

Power Supply - Total energy sales of all REA borrowers increased by 10.9% during 1971, and at an average annual rate of 11.7% during the period 1966 to 1971. This is high as compared to the average annual rate of 7.2% for the total electric industry during the same five-year period. Furthermore, the average cost of electric energy purchased by all borrowers in 1971 increased for the second year in a row, from .66 cents to .72 cents per kWh. This is a reversal of the trend which saw the average cost of electric energy decrease over the previous 20 years. Due to conditions in the industry, the average cost is expected to continue to increase in the foreseeable future.

The rapid increase in energy requirements, combined with increased wholesale costs of energy, places critical importance on the procurement of power supplies and on achieving all possible savings through pooling and other arrangements, including joint ownership of large generating units with power companies, municipalities and government marketing agencies.

Load Forecasts - REA's policy is that power supply borrowers, power-type organizations, and distribution borrowers with generating facilities are responsible for developing and maintaining their own estimates of future energy consumption and power requirements. REA assistance is made available to borrowers through the power requirements field staff to give guidance and instructions in developing studies acceptable for REA approval. Borrowers' estimates are reviewed and revised at least every two years. Some specialized load forecasts are made by REA's Power Requirements Staff.

Supplemental Financing - As the aggregate loan needs of the rural electric systems pass the $1 billion mark, the supplemental loan program has had to develop faster than first thought possible. During fiscal year 1972, its first full year of operation, more than $312 million in long-term financing was either loaned or committed to REA borrowers from supplemental sources. Of this amount, $92.8 million was loaned by the National Rural Utilities Cooperative Finance Corporation, CFC, (of which $81.6 million was loaned concurrently with REA), $219.4 million was committed by two groups of insurance companies for two specific bulk power supply projects and $605 thousand was loaned from miscellaneous sources. In addition, CFC made $40.4 million in short-term loans.

Although the borrowers are increasingly seeking other sources of capital, most supplemental loans to distribution borrowers are still made by CFC. Under the formula in effect in fiscal year 1972, borrowers eligible for supplemental financing borrowed either 10% or 20% of each loan from non-REA sources, and

distribution borrowers received about 13% of their total loans from CFC. The formula was changed in fiscal year 1973 to provide that borrowers eligible for supplemental financing borrow either 10%, 20%, or 30% of each loan from non-REA sources, depending on relative financial condition.

Loans for bulk power supply projects had increased to a size that exceeded REA's lending capacity. To meet the situation, a method of using REA loan funds for "seed capital" was developed. Under this method, two new generating plants were financed in 1972, one in Missouri involving 600 megawatts of generating capacity and 333 miles of transmission line, and one in Kentucky involving 300 megawatts of generating capacity and 112 miles of transmission line. The total financing of these two projects was over $365 million, of which REA loaned $109.7 million (30%), CFC loaned $36.6 million (10%), leaving private lenders to provide $219.4 million (60%).

Situations of Interest:

Nevada - On August 15, 1972, the Sierra Pacific Power Company, Reno, Nevada, became the 26th commercial power company to receive a loan from REA. The loan, amounting to $3,441,000, will enable Sierra Pacific to bring electric service to 178 consumers in an unserved rural area of central Nevada. To do this, 231 miles of distribution line and 44 miles of 69-kilovolt transmission line will have to be built, as well as two distribution substations and one transmission substation. Service made possible with this loan will reach ranches, farms, irrigation wells, and other rural establishments in Lander, Churchill and Nye counties. Consumer density in the new service area will average much less than one consumer per mile of line. The average for all rural electric systems financed by REA is about 3.8 consumers to the mile of line.

Maine - On November 17, 1971, the Swans Island Electric Cooperative, Inc., Swans Island, Maine, received an REA loan of $236,000. Swans Island is a small community more than four miles off the cost of Maine consisting mostly of lobster fishermen and their families. This loan will enable them to purchase and install a submarine cable that will be connected to the electric facilities of the Bangor Hydro Electric Company, at Southwest Harbor, Maine. The loan also includes funds for a substation and other system improvements. The cooperative has less than 300 consumers with 40% of them being seasonal, however, they are experiencing consumer and load growth and a study showed that a submarine cable would be more feasible than expansion of their diesel powered generating facilities. They have been experiencing operational and reliability problems and during shutdowns have had to rent a portable diesel from the mainland at great expense. The submarine cable as specified and manufactured is one continuous length, steel armored and covered with a high density polyethylene jacket and has an expected life of 40 years. At present, the cable is being stored until spring when favorable weather will facilitate the laying operation and completion of the terminators at both ends.

TELEPHONE PROGRAM

Improvements in Telephone Standards and Techniques - Innovation plays a major role in the telephone industry's efforts to meet continuing public demand for better communications services. Each year, many of the important innovations come from the technical progress being made in telephony. There are new designs, improved practices and procedures, revised standards and specifications, newly developed products and improved equipment. REA pioneered in the development of new concepts of design, engineering, manufacturing, construction, and testing of telephone equipment for rural use. Today, REA still works closely with manufacturers and suppliers to meet the ever-increasing demands for more and better communication services. Performance of new equipment is tested both in the field and in the laboratory before being accepted by REA for use in borrowers' telephone systems.

Filled Cables and Wires - The use of grease filled telephone cables and wires in buried telephone plant continues to increase. It is expected that in the coming year, more than half of all new buried plant facilities will be of the grease-filled type. An REA specification for filled cables was recently issued. A filled wire specification is expected to be issued soon. In addition, a packet, which will be made a part of REA's recommended Outside Plant Construction Contract, is in preparation. This packet will include engineering information, specifications, bid assembly units, guide drawings, installation procedures and splicing details for the use of grease filled cables and wires.

New Products Developments - A new consolidated buried plant housing specification was issued by REA in April 1972. Several important features of this specification involve (1) the use of a polyester resin type coating on the surface of the steel housing to permit their use in all areas of the country, (2) the inclusion of a dielectric material within the housing to obviate the need for the splicer/installer to individually wrap the splice bundles, and (3) decreasing the height of the housing to create a lower profile unit.

Buried Distribution Wire - The ingress of moisture into small size buried distribution wires and in small size cables has manifested itself in increased attenuation. The degradation of electrical characteristics is reflected in the operation of the system especially on those circuits involving the use of electronic equipment. REA is currently working with the National Bureau of Standards in an attempt to determine the cause of this problem and what can be done to remedy the effects of increased attenuation with time. It is expected that the use of filled cables and wires will overcome the deteriorating effects of moisture in these facilities.

Telephone Ringers - A new specification for ringers used in telephone sets was issued. This specification was the culmination of several years work which involved testing ringers and working with suppliers to obtain improved designs which were suitable for the unusually long distances that occur in REA borrowers' systems between some of the customers and the central office.

Surge Testing of Electronic Equipment - REA continued its work of testing various types of electronic telephone equipment to determine their ability to withstand lightning surges. Most REA equipment specifications now include lightning surge test requirements. Many electronic equipment suppliers to the telephone industry now recognize our surge test requirements as a major design criterion which they must meet regardless of whether the equipment is sold to an REA borrower or to some other customer. REA's surge test procedures were discussed in a paper which was presented at the International Communications Conference in June 1972.

Quality Assurance and Reliability Requirements - REA borrowers have begun using station carrier equipment (electronic equipment by which several subscriber circuits are derived over a pair of wires) in large quantities to upgrade to single party service. Some of the installations have encountered operating difficulties due to the inadequacy of the equipment received from the manufacturers. As a result, REA has placed quality assurance and reliability requirements in its specifications for station carrier equipment. These requirements make it necessary for manufacturers to institute stringent quality control and testing procedures so that failures during the first month of operation (a critical period for electronic equipment) do not exceed approximately 5% of the channels in service. The requirements also make it necessary for all equipment on the REA List of Materials to be requalified every two years.

Pulse Code Mudulated Subscriber Line Systems - Various manufacturers' PCM subscriber line carrier systems were on field trial in operating systems of REA borrowers in 1972. It is expected that several manufacturers' systems will be placed on the REA List of Materials during 1973. These systems consist of field mounted terminals to which 24 to 36 subscriber lines are connected. The connection from the field mounted terminal to the central office terminal is by means of two wire pairs by the use of PCM carrier techniques. Telephone companies use this type of equipment for serving trailer courts, subdivisions, crossroad communities, and similar concentrations of subscribers. Equipment of this type is considered movable plant which can be installed very quickly when needed. During 1972, REA issued an equipment specification covering this type of equipment.

Subscriber Radio Systems - These systems can be used to serve subscribers in temporary or permanent arrangements. They may be used at locations where wire line facilities are not feasible, such as, off-shore drilling rigs, island resorts and campsites, temporary construction sites and mountain top ranger stations. They offer an effective means for restoring service during emergencies and disasters. This means for serving subscribers has been accomplished effectively for many years using fixed radiotelephone equipment operating as an integral part of mobile telephone systems. However, several suppliers are now offering subscriber radio link equipment expressly designed for serving subscribers at fixed locations as a dedicated facility on a single or party line basis completely separate from mobile systems.

Operations and Maintenance - REA continues to participate in the improvement of management and plant operating techniques, thereby improving service to subscribers and maintaining reasonable operating costs. This past fiscal year, a series of "Telephone Plant Operations and Maintenance Memoranda" was initiated to get timely technical information to borrowers' maintenance personnel. Each memorandum describes a potential maintenance problem and an appropriate way to avoid the problem.

REA field personnel continue to review operations and maintenance activities of borrowers' telephone systems and provide technical assistance on complex problems. By participating in borrowers' workshops and telephone association meetings, REA continues to provide telephone technology data. A list of telephone technical training sources has been distributed to REA field personnel. REA plans to provide this information to all borrowers and other interested persons.

Management Assistance to Borrowers - An essential part of management is financial planning for future short-term and long-term periods. A realistic appraisal of financial requirements provides management with the information necessary to make effective decisions for the successful operation of a rural telephone system. Budgeting enables management to evaluate in advance such items as operating revenues and expenses, sources of capital and capital expenditures.

Each telephone system has individual requirements and purposes which have to be considered when preparing its financial plans. Guidelines for developing financial plans have been set forth in a new REA publication, "Operating and Capital Requirements Budgets." This publication intends to show how to prepare an operating budget for a future period forecasting anticipated revenues and estimated expenses. Emphasis is also placed on construction budgets for future capital investments and system improvements. In addition to its usual engineering advice and assistance, REA provides special help to borrowers involved in providing specialized communications facilities for the Department of Defense, such as the military's Safeguard, Autovon and Sanguine projects.

Financial Development - Rural telephone borrowers reported total operating revenue of $407.8 million in calendar year 1971 compared with $362.7 million the previous year. About 47 percent of this came from net toll revenues which increased 16% from $166 million in calendar year 1970 to $192 million in 1971.

Increased toll usage by rural subscribers can be attributed in large part to the upgrading of service which has been taking place in rural areas. Reducing the number of parties per line encourages use of the telephone for long-distance as well as local calls. Some of the increase in toll revenues is the result of additional toll line and toll ticketing equipment. The number of borrowers using actual cost separations for toll settlements has also increased the borrowers' share of toll revenues. The increase in local service revenue of $18 million is due not only to additional subscribers, but to changing to a higher grade of service as shown in the table below:

Service	1967	1968	1969	1970	1971
One Party	29.2%	32.9%	37.1%	41.6%	46.3%
Two Party	10.9	10.8	10.4	9.8	8.9
Four & Five Party	24.3	26.0	25.6	25.6	26.3
Eight or More Party	35.6	30.3	26.9	23.0	18.5

As of December 31, 1971, 814 telephone borrowers reported a composite net worth of $402 million or 19.6 percent of their total assets. As indicated below, the average net worth for both cooperative and commercial borrowers had been doubling every four years:

As of December 31	Number of borrowers reporting	Average net worth per borrower	Ratio to 1963	Percent of total assets
1963.....	784	$122,660	1.00	10.5
1967.....	811	248,059	2.02	15.1
1971.....	814	494,291	4.03	19.6

Although the percentage of telephone borrowers with a net worth equal to or greater than 40 percent of their assets is relatively small, the percentage of those with a net worth equal to 20 percent or more is increasing.

As of December 31	Less than 20 percent of assets	20 to 39 percent of assets	40 percent or more of assets
1963.....	83%	16%	3%
1967.....	69	27	4
1971.....	60	37	4

The investment of telephone borrowers in total plant is also rapidly increasing. At the end of 1971, borrowers had a total plant of $2.3 billion with a long-term debt balance of $1.51 billion. Borrowers have invested approximately $790 million in their plant facilities (in addition to the replacements they financed), either by principal payments on the long-term debt for the original construction, or by financing plant additions with other than REA loan funds. As the following table indicates, the dollar amount of the investment of these borrowers in their total telephone plant increased by more than $377 million in the last four years, to an average borrower plant investment of $970,852 at December 31, 1971.

As of December 31	Total borrower plant investment	Number of borrowers reporting	Average borrower plant investment
1962.....	$143,305,691	760	$188,560
1963.....	176,310,663	784	224,886
1964.....	215,350,275	804	267,849
1965.....	267,535,047	816	327,862
1966.....	332,334,482	814	408,273
1967.....	412,646,990	811	508,813
1968.....	500,067,457	811	616,606
1969.....	585,620,108	805	727,478
1970.....	703,656,277	803	870,862
1971.....	790,273,889	814	970,852

Situations of Interest:

South Dakota - An $892,000 loan to the Golden West Telephone Cooperative, Inc., Wall, South Dakota will provide the Pine Ridge Indian Reservation with first-time dial telephone service, supplied by buried cable. Approximately 136 new housing units are under construction, and schools, health clinics and law enforcement establishments are being served in the Indian communities.

Florida - Predominately black subscribers in a 306 square mile territory served by the Indiantown Telephone System, Inc., Indiantown, Florida, can now get service at reasonable cost. Previously, residents had to accept 8-party service at prohibitive cost or go without. Operators of an alcoholic and drug rehabilitation center serving a 3-county area were forced to drive 20 miles to report an emergency. An $800,000 REA loan will be used to renovate the telephone system to provide one-party service in the base area, and one to four-party service in outlying areas. All line extension and pole rental charges will be dropped. Plans for more than 100 new homes and several new industries are now underway.

ELECTRIFICATION PROGRAM STATISTICS

From 1935 to June 30, 1972, about $8.1 billion in electrification loans have been made and the percentage of farms with central station electric service has increased from about 10 percent to 98.5 percent. The demand for new service to non-farm rural consumers continues as residential communities, business and industry develop in rural areas. Power loads are doubling about every seven years as heavy increases in consumption of electric power continue.

Loan Activity - During the 1972 fiscal year, 467 loans were approved totaling $438,253,000. For fiscal year 1973, $618 million is being made available for electrification loans. Loans of $228,000,000 were approved during the first six months of the fiscal year from the loan authorizations of the Rural Electrification Act. Insured and guaranteed loans of $390,000,000 are being financed during the second half of the fiscal year under authority of the Consolidated Farm and Rural Development Act, as amended (86 Stat. 657-667).

Purpose of Loans Made - During fiscal year 1972, loans amounted to $258,690,199 for distribution purposes (59.0 percent), and $179,562,801 for generation and transmission facilities (41.0 percent).

Rescissions - During fiscal year 1972, rescissions of prior year loans amounted to $252,999. It is estimated that rescissions for fiscal year 1973 will total about $1 million.

Fund Advances and Construction Progress

	1972	1973 estimate
Advances (fiscal year)	$418,484,069	$485,000,000a/
Consumers connected (calendar year) (est.)	300,000	300,000
Miles energized (calendar year) (est.)	24,652	25,000
Generating capacity installed (kW) (fiscal year)	836,996	326,000

a/ Reflects advances only on loans committed under the Rural Electrification Act.

Unadvanced loan funds aggregated $834.5 million as of June 30, 1972. They are expected to total $577.5 million by June 30, 1973.

Cumulative Repayments	June 30, 1971	June 30, 1972
Payments:		
Principal (including payments ahead of schedule)	$2,414,312,877	$2,560,819,191
Interest	1,205,082,898	1,302,753,921
Payments ahead of schedule	317,089,061	293,469,044
Payments overdue more than 30 days	3,748,241	3,080,015
Interest and principal lost on two foreclosures.	44,478	44,478

Borrowers' loan repayments have been steadily increasing over the years. During fiscal year 1972, the debt payments of borrowers totaled $267,851,355, of which $170,126,332 was principal and $97,725,023 was interest. Of this payment, $23,620,017 represented reduction in borrowers' cushion of credit, that is, their balance of payments made ahead of schedule. Borrowers have been applying their cushion of credit in lieu of submitting their regular payments to enable them to finance a larger share of construction with internally generated funds. As borrowers' equity in their own systems increases, this makes them more attractive to supplemental lenders. Also, borrowers have been investing in their own supplemental financing institution.

TELEPHONE PROGRAM STATISTICS

Through June 30, 1972, telephone loans have totaled $2.0 billion and the percentage of farms with telephone service has increased from about 38 percent in 1949 to 86 percent in 1971.

Satisfactory rural service today implies an improved grade of service from the eight-party rural concept of years ago. In keeping with subscriber demand, REA now recommends four-party flat rate rural service as the preferred minimum standard. Due to an increasing demand for one and two-party service in rural areas, REA encourages borrowers to develop systems to meet this demand at reasonable rates.

Loan Activity - During fiscal year 1972, 176 loans were approved totaling $133,665,040. For 1973, it is expected that loans will total about $145 million. Loans of $55,972,000 were made during the first 6 months of the fiscal year from loan authorizations made available under the Rural Electrification Act. Loans of $89,000,000 during the second half of the fiscal year are being financed under authority of the Consolidated Farm and Rural Development Act, as amended (86 Stat. 657-667).

Fund Advances and Construction Progress	1972	1973 Estimate
Advances (fiscal year)	$132,367,738	$134,000,000 a/
Route miles of line constructed or improved (calendar year (est.)	22,000	22,000
Subscribers receiving new or improved service (calendar year) (est.)	188,098	108,000

a/ Reflects advances only on loans committed under the Rural Electrification Act.

Through June 30, 1972, borrowers had received advances under their loan contracts totaling $1,754,097,487. Total loans approved provide for construction and improvement of 595,759 miles of line and new or improved dial service to about 2,698,561 subscribers.

Cumulative Repayments

	June 30, 1971	June 30, 1972
Payments:		
Principal (including payments ahead of schedule)	$287,473,835	$327,345,924
Interest	214,073,286	242,085,36-
Payments ahead of schedule	25,188.116	25,188,689
Payments overdue more than 30 days	593,883	533,953

PROGRESS OF ELECTRIFICATION AND TELEPHONE PROGRAMS

The cumulative figures presented in the following tables I, II, III and IV show the progress that has been made in the electrification and telephone programs since their inception:

TABLE NO. I - ELECTRIFICATION LOANS
(Cumulative Figures)

Date	Total Net Loans All Purposes a/	Long Term Supplemental Loans b/	Construction Authorized by Total Loans to Date	
			Miles of Line	Consumers Served
June 30, 1936-58.....	$3,772,577,652		1,479,209	5,088,096
June 30, 1959.....	3,942,338,539		1,491,406	5,188,687
June 30, 1960.....	4,153,325,751		1,503,863	5,312,265
June 30, 1961.....	4,424,756,408		1,520,899	5,459,083
June 30, 1962.....	4,680,742,660		1,534,551	5,560,708
June 30, 1963.....	5,020,163,286		1,555,087	5,762,534
June 30, 1964.....	5,280,871,573		1,572,769	5,929,349
June 30, 1965.....	5,631,572,196		1,590,628	6,081,076
June 30, 1966.....	5,942,226,055		1,611,242	6,275,289
June 30, 1967.....	6,292,885,281		1,630,939	6,439,948
June 30, 1968.....	6,642,684,316	66,000,000	1,651,007	6,637,276
June 30, 1969.....	6,985,363,485	66,000,000	1,660,572	6,737,301
June 30, 1970.....	7,329,418,562	66,000,000	1,681,825	6,908,440
June 30, 1971.....	7,690,458,056	231,774,000	1,699,683	7,113,261
June 30, 1972.....	8,128,458,057	544,530,000	1,722,866	7,412,054
June 30, 1973 (Est.).....	8,746,458,057	923,530,000	1,747,866	7,712,054
June 30, 1974 (Est.).....	9,364,458,057	1,424,530,000	1,772,866	8,012,054

a/ Includes REA loans and insured and guaranteed loans from the Rural Development Insurance Fund of the Farmers Home Administration.

b/ Includes commitments for long term financing from all sources other than REA and the insured and guaranteed loans from the Rural Development Insurance Fund of the Farmers Home Administration.

TABLE II - ELECTRIFICATION CONSTRUCTION
(Cumulative Figures)

Date	Loan Funds Advanced to Borrowers a/	Construction Completed b/ Total Miles Energized	Total Consumers Served	Total kWh Sales c/ (Annual) (Thousands)
1936-58	$3,146,545,731	1,424,441	4,596,270	21,901,769
1959	3,358,263,066	1,445,835	4,721,630	25,070,622
1960	3,580,884,081	1,465,315	4,825,802	27,268,625
1961	3,764,297,121	1,483,021	4,955,642	28,967,198
1962	3,960,104,248	1,504,228	5,094,953	31,880,133
1963	4,205,858,366	1,526,812	5,237,912	35,357,255
1964	4,451,822,854	1,547,143	5,386,088	39,836,854
1965	4,751,612,288	1,566,772	5,541,478	42,668,054
1966	5,030,390,048	1,586,502	5,652,844	48,439,056
1967	5,339,134,905	1,606,497	5,806,017	52,880,144
1968	5,734,077,563	1,627,445	5,986,140	58,303,933
1969	6,101,157,248	1,650,240	6,196,967	66,421,021
1970	6,463,530,118	1,676,001	6,442,332	76,009,289
1971	6,875,490,883	1,700,348	6,747,698	84,282,836
1972	7,293,974,951	1,725,000	7,047,698	92,700,000
1973 (Est.)	7,856,974,951	1,750,000	7,347,698	102,000,000
1974 (Est.)	8,501,974,951	1,775,000	7,647,698	112,200,000

a/ Fiscal Year - Includes advances on REA loans and on loans from the Rural Development Insurance Fund of the Farmers Home Administration.
b/ Calendar Year
c/ Excludes energy sales by one REA borrower to another

TABLE NO. III - TELEPHONE LOANS
(Cumulative Figures)

Date	Borrowers	Total Net Loans a/	Telephone Bank Net Loans	Construction Authorized by Total Loans to Date: Route Miles of Line to be Constructed or Improved	Construction Authorized by Total Loans to Date: Subscribers to Receive New or Improved Service
June 30, 1950-58.....	611	478,459,015		277,730	1,020,454
June 30, 1959.....	665	575,213,415		317,227	1,191,324
June 30, 1960.....	705	679,210,237		356,581	1,371,791
June 30, 1961.....	753	818,257,691		407,621	1,604,011
June 30, 1962.....	790	909,035,087		442,063	1,753,463
June 30, 1963.....	820	990,992,987		469,805	1,859,873
June 30, 1964.....	838	1,078,444,387		492,700	1,964,601
June 30, 1965.....	848	1,167,902,734		511,956	2,043,900
June 30, 1966.....	855	1,266,041,761		519,156	2,116,895
June 30, 1967.....	867	1,380,557,341		534,200	2,202,030
June 30, 1968.....	874	1,499,674,227		545,493	2,271,874
June 30, 1969.....	873	1,623,413,120		552,927	2,364,493
June 30, 1970.....	878	1,746,578,450		564,771	2,450,421
June 30, 1971.....	867	1,870,028,433	-0-	579,233	2,543,516
June 30, 1972.....	867	2,002,536,718	90,954,800	595,759 b/	2,698,561 b/
June 30, 1973 (Est.).....	869	2,147,508,718	216,954,800	615,759	2,868,561
June 30, 1974 (Est.).....	871	2,287,508,718	366,954,800	637,759	3,048,561

a/ Includes REA loans and insured and guaranteed loans from the Rural Development Insurance Fund of the Farmers Home Administration

b/ Adjusted and subject to further revision

TABLE NO. IV- TELEPHONE CONSTRUCTION
(Cumulative Figures)

Date	Loan Funds Advanced to Borrowers a/	Telephone Bank Loan Funds Advanced to Borrowers c/	Construction Completed b/ Route Miles of Line Constructed or Improved	Construction Completed b/ Subscribers Receiving New or Improved Service
1950-58	309,608,665		173,225	778,488
1959	402,878,138		238,929	958,896
1960	501,262,035		287,473	1,142,004
1961	609,326,639		297,747	1,291,468
1962	706,563,875		383,701	1,419,892
1963	792,465,340		414,271	1,523,406
1964	876,695,[illegible]98		431,475	1,626,590
1965	957,487,449		460,141	1,726,359
1966	1,039,691,323		48[illegible],005	1,825,861
1967	1,142,941,570		499,179	1,944,334
1968	1,242,998,913		533,559	2,067,025
1969	1,348,878,422		554,190	2,184,575
1970	1,484,279,069		547,322	2,334,511
1971	1,621,729,749	-0-	571,139	2,466,902
1972	1,754,097,487	587,923	593,139	2,655,000
1973 (Est.)	1,906,097,487	97,499,923	615,139	2,835,000
1974 (Est.)	2,059,219,487	223,499,923	637,139	3,025,000

a/ Fiscal Year - Includes advances on REA loans and on loans from the Rural Development Insurance Fund of the Farmers Home Administration.
b/ Calendar Year
c/ Fiscal Year

(b)Salaries and Expenses

Appropriation Act, 1973	$16,720,000
Budget Estimate, 1974	16,720,000
Change	- -

PROJECT STATEMENT
(On basis of adjusted appropriation)

	1972	1973 (estimated)	Increases	1974 (estimated)
1.Administration of rural electrification program:				
(a) Lending and management activities	$ 4,813,710	$ 5,015,000	- -	$ 5,015,000
(b) Engineering activities	3,891,895	3,935,000	- -	3,935,000
Total, Administration of electrification program	8,705,605	8,950,000	- -	8,950,000
2.Administration of rural telephone program:				
(a) Lending and management activities	3,969,128	3,949,000	- -	3,949,000
(b) Engineering activities	3,714,317	3,821,000	- -	3,821,000
Total, Administration of telephone program	7,683,445	7,770,000	- -	7,770,000
Unobligated balance	316,950	- -	- -	- -
Total available or estimate	16,706,000	16,720,000	- -	16,720,000

(c) Rural Telephone Bank

	Current Appropriation	Other a/ Authorization (Budget Authority)	Estimated Obligations
Appropriation Act, 1973.....	$30,000,000	$310,670,880	$126,043,971
Budget Estimate, 1974.....	30,000,000	322,196,696	152,814,000
Change.....	- -	+11,525,816	+26,770,029

a/ Reflects maximum borrowing authorized by Public Law 92-12.

SUMMARY OF INCREASES AND DECREASES
(On basis of maximum budget authority)

	1973 Estimate	Program Changes	1974 Estimate
Operating Costs:			
Administrative expenses.....	$ 42,000	$ +7,000	$ 49,000
Interest expenses.....	- -	+2,737,000	2,737,000
Other expenses.....	1,971	-1,971	- -
Dividends.....	- -	+28,000	28,000
Maximum loan authority.....	340,626,909	+8,755,787	349,382,696
Total available.....	340,670,880	+11,525,816	352,196,696

PROJECT STATEMENT
(On basis of maximum budget authority)

Project	1972	1973 (estimated)	Increase or decrease	1974 (estimated)
1. Operating costs:				
(a) Administrative expenses.....	16,992	42,000	+7,000	49,000
(b) Interest expenses.....	- -	- -	+2,737,000	2,737,000
(c) Other expenses.....	10,074	1,971	-1,971	- -
2. Dividends.....	- -	- -	+28,000	28,000
3. Loan authority.....	274,739,822	340,626,909	+8,755,787	349,382,696
Total authorization.....	274,766,888	340,670,880	11,525,816	352,196,696

PROJECT STATEMENT
(On basis of actual or estimated obligations)

Project	1972	1973 (estimated)	Increase or decrease	1974 (estimated)
1. Operating costs:				
(a) Administrative expenses.....	16,992	42,000	+7,000	49,000
(b) Interest expenses.....	- -	- -	+2,737,000	2,737,000
(c) Other expenses.....	10,074	1,971	-1,971	- -
2. Dividends.....	- -	- -	+28,000	28,000
3. Loans.....	90,954,800	126,000,000	+24,000,000	150,000,000
Total obligations.....	90,981,866	126,043,971	+26,770,029	152,814,000

Explanation of Estimates

Rural Telephone Bank: The budget request provides $352,196,696 in new budget authority for 1974, an increase of $11,525,816 from 1973. With an unobligated balance of 1973 budget authority estimated at $408,566,757, the bank will have a total of $760,763,453 in budget authority available in 1974. Of this amount, it is estimated that $150,000,000 will be obligated for loans and $2,814,000 for operating expenses. This compares with loans estimated at $126,000,000 and operating expenses estimated at $43,971 in 1973.

The maximum budget authority of the bank consists of the total paid in capital and retained earnings of the bank, plus borrowings limited by law to eight times the paid in capital and retained earnings. The legislation establishing the bank authorizes U. S. stock purchases totaling $300 million, with up to $30 million to be appropriated annually from net collection proceeds in the rural telephone account. An appropriation of $30 million is required for fiscal year 1974. It is estimated that an additional $7.7 million in capital will be obtained through the sale of stock to borrowers and retained earnings. Borrowings by the bank are estimated at $30 million in fiscal year 1973, and $90 million in 1974.

The following tabulation shows the loan applications considered and loans financed by the Rural Electrification Administration, the Rural Development Insurance Fund, and the Rural Telephone Bank for the fiscal years 1972 to 1974. As the bank's lending capability increases, the large backlog of applications are expected to be gradually reduced.

Amount of Applications
(in thousands of dollars)

	1972 Actual	1973 Estimate	1974 Estimate
Applications on hand at beginning of year	$544,388	$661,832	$640,860
Applications received during year	271,210	200,000	200,000
Total Applications for consideration during year	815,598	861,832	840,860
Loans:			
Under Rural Electrification Act	133,665	55,972	-0-
Under Rural Development Act a/	-0-	89,000	140,000
From Rural Telephone Bank	90,955	126,000	150,000
Total	224,620	270,972	290,000
Net Adjustments including Applications returned	+ 70,854	+ 50,000	+ 30,000
Applications pending at end of year	661,832	640,860	580,860

a/ Insured and guaranteed loans

The following table shows total budget authority, estimated loan obligations, operating expenses, and balances carried forward for the Rural Telephone Bank:

(Dollars in thousands)

	1972 Actual	1973 Estimate	1974 Estimate
Budget Authority			
Appropriation for purchase of Class A stock	$ 30,000	$ 30,000	$ 30,000
Borrowing Authority - maximum current year 1/	244,767	310,671	322,197
New Budget Authority	274,767	340,671	352,197
Budget Authority carried over from prior year	- -	184,391	408,567
Total Budget Authority	274,767	525,062	760,764
Other funds available	606	9,550	14,798
Less returns on Class A stock	- -	-1	-600
Total funds available	275,372	534,611	774,962
Less:			
Loans approved	90,955	126,000	150,000
Operating expenses	27	44	2,814
Total obligation	90,982	126,044	152,814
Balance carried forward to next fiscal year	184,391	408,567	622,148

1/ Reflects maximum borrowing authority authorized by P. L. 92-12, computed as follows:

	1972 Actual	1973 Estimate	1974 Estimate
Paid on Capital and Retained Earnings:			
A Stock	$30,000	$30,000	$30,000
B Stock	133	7,367	6,000
C Stock	460	40	40
Retained Earnings	3	1,426	4,235
Total	30,596	38,834	40,275
Statutory Borrowing Authority	x8	x8	x8
Maximum Borrowing Authority (totals may not add due to rounding)	244,767	310,671	322,197

RURAL TELEPHONE BANK

Status of Program

The Rural Telephone Bank was established May 7, 1971, when the President signed Public Law 92-12 amending the Rural Electrification Act of 1936. The bank provides rural telephone systems with a supplemental source of credit. Ultimately, the bank will become borrower-owned and controlled. Generally, bank loans are made for the same purposes as REA loans.

Capitalization - Equity capital of the bank is obtained through the sale of stock to the Federal Government and eligible borrowers and organizations controlled by them. Stock of the Rural Telephone Bank consists of three classes: class A stock to be purchased by the U. S. Government; class B stock to be purchased by recipients of bank loans; and class C stock, available for purchase by borrowers or by corporations and public bodies eligible to borrow from the bank or by organizations controlled by them. Congress is authorized to appropriate up to $30 million annually for purchase of the bank's class A stock until such purchases equal $300 million. Through fiscal year 1973, $60 million in class A stock has been purchased by the U. S. Government. Borrowers receiving loans from the bank are required to purchase class B stock in an amount equal to 5 percent of the loan excluding any amounts loaned to purchase such stock. Through June 30, 1972, subscriptions of class B stock totaled $4,332,055. During fiscal year 1972, 247 rural telephone cooperatives and commercial companies and 4 borrower-controlled organizations purchased $460,000 of class C stock.

Borrowing Power - The bank is authorized to obtain funds through the public or private sale of its bonds, debentures, notes, and other evidences of indebtedness. On June 30, 1972, Public Law 92-324 further amended the Rural Electrification Act of 1936 to permit the bank to issue its obligations to the Secretary of the Treasury. The amount of the bank's indebtedness which may be outstanding at any one time is limited to eight times the bank's paid in capital and retained earnings. Although the bank's obligations are not guaranteed by the United States and are not exempt from taxation, they are lawful investments for all fiduciary, trust and public funds under the control of the United States or any of its officers. The bank has not yet needed to borrow funds, but it is anticipated that borrowings will need to begin sometime in the last quarter of fiscal year 1973.

Board of Directors - The management of the telephone bank is vested in a board of directors consisting of thirteen members. On September 15, 1971, the President announced the appointment of the bank's first board. Two of the members, the REA Administrator and the Governor of the Farm Credit Administration are designated in the law. The eleven initial Presidential appointees included three Department of Agriculture employees, two members of the general public, and six representatives of the rural telephone industry. The latter six members were appointed to serve until their successors were elected by entities eligible to borrow from the bank and organizations controlled by such entities. At a special meeting on September 14, 1972, representatives of rural telephone systems from throughout the country met in Washington, D. C. and elected six directors for two-year terms. Three of the directors are from cooperative-type organizations and three from commercial companies.

Lending Activity - From the date of the first Rural Telephone Bank loan, January 21, 1972, through June 30, 1972, the bank made 89 loans totaling $90,954,800, including $86,641,095 for construction and other improvements to borrowers' systems, and $4,313,705 for the purchase of class B bank stock. Commercial telephone companies received 67 loans totaling $65,667,100 and cooperative-type borrowers received 22 loans for a total of $25,287,700. For fiscal year 1973, loans totaling $126 million are expected to be made. In fiscal year 1974, bank loans are estimated at $150 million. During fiscal year 1972, $587,923 was advanced to borrowers on bank loans. Advances for 1973 are estimated at $97 million.

Interest Rates - During fiscal year 1972, the interest rate on bank loans ranged from 4 percent to 8 percent, with a composite interest rate of 6.3 percent. Of the 89 loans approved, 13 loans totaling $10,513,650 were made concurrently with REA.

General Administration - Operations of the telephone bank are being carried out by REA field and Washington employees and employees of the Office of General Counsel. This has allowed the bank to hold its administrative expenses to a minimum.

The bank has been able to apply most of the established REA policies and procedures relating to REA telephone loan planning and processing. REA engineering standards and specifications, construction requirements, management technique and loan policies generally apply to bank loans.

FARMERS HOME ADMINISTRATION

Purpose Statement

The Farmers Home Administration was established November 1, 1946, by the Farmers Home Administration Act of 1946. The following description of Farmers Home Administration's program activities includes certain changes or expansions in previous programs, as well as a number of new programs authorized by the Consolidated Farm and Rural Development Act of 1972, Public Law 92-419, approved August 30, 1972.

1. Farm ownership loans. Loans are made to farmers and ranchers for acquiring, enlarging, or improving farms, including dwellings and farm buildings; land and water development, use and conservation; forestry development; recreational facilities; the development of nonfarm enterprises on farms; refinancing indebtedness, and for loan closing costs. Loans are limited to farms which are not larger than family farms and cannot exceed the market value of the farm or $100,000, whichever is the lesser. The loan limitation includes the unpaid indebtedness against the farm or other security. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent. Loans may be made simultaneously with loans made for authorized farm ownership purposes by private long-term lenders.

2. Recreation loans. Loans are made to farmers and ranchers for converting all or a portion of the farms or ranches they own or operate to outdoor income-producing recreation enterprises which will supplement or supplant farm income and permit carrying on sound and successful operations. Such loans are not limited to family-size operations. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

3. Soil and water loans to individuals. Loans are made to farmers, ranchers and nonoperator owners for land and water development, use and conservation. Loans may be made on farms of any size. A loan cannot exceed the market value of the farm or $100,000, whichever is the lesser. The loan limitation includes the unpaid indebtedness against the farm or other security. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

4. Loans to associations. Loans are made to public, quasi-public, and nonprofit associations and to certain Indian tribes for the effective development and utilization of water supply and waste disposal systems and for the improvement of land by soil and water conserving facilities and practices. Loans to associations also may be made for shifts in land use including grazing, the development of recreational facilities and for irrigation development. Loans to associations are authorized in designated areas to repair or replace certain public facilities damaged or destroyed by a major disaster. Association loans may be made to serve residents of open country and rural towns and villages of not more than 10,000 population, which are not part of an urban area. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

5. Indian tribe land acquisition loans. Loans are made to qualified Indian tribes or tribal corporations to acquire land or interests in land within the tribes' reservation or Alaskan Indian community, as determined by the Secretary of the Interior. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

6. Grants for the preparation of comprehensive plans which coordinate the development of water and waste disposal systems in rural areas. Planning grants are made to public bodies such as counties, townships, planning commissions, and similar units of government, and such other agencies as may have authority to prepare such comprehensive plans. The amount of each grant will be limited to the actual expense for the preparation of the plan which is outside the normal budget of the receipient organization.

7. Grants for water and waste disposal development. Development grants are made to associations, including corporations operating on a nonprofit basis,

municipalities, certain Indian tribes, and similar organizations, generally designated as public or quasi-public agencies, that propose projects for the development, storage, treatment, purification, and distribution of domestic water or the collections, treatment, or disposal of waste in rural areas. Development grants to associations also are authorized in designated areas, under limited conditions, to repair or replace certain public facilities damaged or destroyed by a major disaster. Grants may not exceed 50 percent of the development cost of the projects and supplement other funds borrowed or furnished by applicants to pay development costs.

8. Operating loans. Loans are made to farmers and ranchers for costs incident to reorganizing a farming system for more profitable operations; for a variety of essential farm expenses such as purchase of livestock, farm equipment, feed, seed, fertilizer, farm supplies, and other essential operating expenses, including cash rent, and costs incident to the production and harvesting of forestry products; for financing land and water development, use and conservation; for recreational uses and facilities; for costs incident to nonfarm enterprises on farms; for refinancing indebtedness; for complying with certain safety standards; for other farm and home needs; for operation of enterprises by rural youths in connection with their participation in 4-H clubs, Future Farmers of America and similar organizations; and for loan closing costs. Loans for farming operations are confined to operators of not larger than family farms. The outstanding principal loan balance for operating loans is limited to $50,000. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations with a similar maturity period. The rate for the 1973 fiscal year is 5-7/8 percent. Loans may be scheduled for payment over periods from 1 to 7 years depending on loan purposes. In some situations, they may be renewed for not more than 5 additional years. Loans are secured by crop and chattel liens and, when necessary, by real estate mortgages. Other reliable agricultural credit sources are encouraged to furnish as much as possible of the essential needs of loan applicants with the balance being supplied with operating loan funds from the Farmers Home Administration.

9. Emergency loans. Loans are made in designated areas where a natural disaster has caused a general need for agricultural credit. Emergency loans are made to eligible established farmers, ranchers or oyster planters, and to private domestic corporations or partnerships engaged primarily in farming, ranching, or oyster planting. Emergency loans are made primarily for financing farm operating needs, family living expenses, and a number of closely related purposes. Loans bear interest at 1%, 3%, or at a rate determined monthly not in excess of 6 percent depending on when the disaster occurred. Loans are repayable over periods not longer than regular loans made by the Farmers Home Administration for similar purposes. Public Law 91-606 authorized loans in areas where the President has declared a major disaster, with special provisions for refinancing real estate debts under restricted conditions, for cancellation of a portion of principal up to $2,500, and for deferment of interest and principal payments up to three years on loans for other than operating expenses. Public Law 92-385, approved August 16, 1972, authorized special conditions for emergency loans made in connection with disasters occurring between June 30, 1971 and July 1, 1973. Such loans may bear a lower interest rate, be eligible for deferred payments, and for cancellation of principal up to $5,000 under certain circumstances.

10. Rural housing loans. Building loans are made to farm owners, owners of other real estate in rural areas, others who are or will become rural residents, and long term leaseholders to enable them to purchase homes, to acquire building sites, and to construct, improve, alter, repair or replace dwellings and essential farm service buildings. If the borrowers are persons of low or moderate incomes, and if their need for necessary housing cannot be met with financial assistance from other sources, including assistance available under section 235 of the National Housing Act, the insured loans made by the Farmers Home Administration in fiscal year 1973 will bear interest at 7-1/4 percent with provision for interest credits up to 6-1/4 percent under certain circumstances. Such loans may not exceed amounts necessary to provide adequate housing, modest in size, design and cost.

These loans are repayable in not more than 33 years and are limited to rural areas which include towns, villages or other rural places with a population up to 10,000 inhabitants. Rural housing loans are made from the Rural Housing Insurance Fund for sale on an insured basis to private lenders. Payments of principal and interest to the lenders are fully guaranteed. The Administration services these insured loans, makes collections, and pays the lenders.

Insured rural housing disaster loans bear interest at 1 percent, 3 percent, or at a rate determined monthly not in excess of 6 percent depending on when the disaster occurred. These loans are made for not more than 33 years to provide for repair or replacement of farm or rural dwellings, farm service buildings and related facilities damaged by a natural disaster. Refinancing is authorized in the case of total destruction or substantial property damage of homes and farm service buildings. Principal cancellation and deferred payments are authorized on the same basis as for emergency loans.

Direct repair and improvement loans of $2,500 or less are made at one percent interest for not more than 10 years only to very low-income families who are owners of farms or nonfarm rural property to repair or improve their dwellings and essential farm buildings in order to make them safe and sanitary or to remove health hazards to the families or the community. Such loans which involve water supply, septic tanks, or bathroom and kitchen plumbing facilities may be made in amounts not in excess of $3,500.

11. Insured rural rental and cooperative housing loans. Insured loans are made to individuals, corporations, associations, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly persons and other persons of low or moderate income in rural areas. These loans are repayable in not more than 50 years and bear interest in fiscal year 1973 at 7-1/4 percent with provision for interest credits up to 6-1/4 percent under certain circumstances. These loans are made only if the need for necessary housing cannot be met with financial assistance from other sources, including assistance available under section 236 of the National Housing Act. No loan may exceed $750,000. Loans are limited to rural areas which include towns, villages or other rural places with a population up to 10,000 inhabitants. Rural rental and cooperative housing loans are insured on the same basis as insured housing loans to individuals.

12. Farm labor housing loans. Insured loans are made to a farmer owner, to a public or private nonprofit organization or to a nonprofit organization of farmworkers incorporated within a State to provide modest living quarters, basic household furnishings, and related facilities, including land necessary for an adequate site, for domestic farm labor. These loans are repayable in not more than 33 years and bear interest not in excess of 1 percent. Farm labor housing loans are insured on the same basis as other insured rural housing loans. Loans to organizations may be made simultaneously with farm labor housing grants.

13. Financial assistance to a public or broad-based private nonprofit organization or to a nonprofit organization of farmworkers incorporated within a State for low-rent housing and related facilities for domestic farm labor. Grant assistance, not to exceed 90 percent of the total development costs, is provided for new structures or rehabilitation of existing buildings suitable for dwelling use by domestic farm labor. Funds also may be used for essential related facilities such as dining halls, community rooms or buildings, infirmaries or other essential services, including basic household furnishings. These grants may be made simultaneously with farm labor housing loans.

14. Financial assistance to local organizations to promote mutual or self-help housing. These grants are especially designed to aid the development of mutual or self-help housing programs under which groups of families build their own homes by mutually exchanging labor. Grants are used to provide technical and supervisory assistance to families who build their homes by the self-help method.

15. Loans for purchase and development of land to be subdivided into building sites and sold on a nonprofit basis to low-income families or to organizations for rental or cooperative housing. Site loans are insured on the same basis as insured rural rental and cooperative housing loans. Insured loans are made at 7-1/4 percent interest in fiscal year 1973 for a two-year period. Direct site loans are made at 3 percent interest for a two-year period to develop building sites for sale in connection with self-help projects.

16. Watershed works of improvement and flood prevention loans are made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations for installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs. Watershed works of improvement and flood prevention loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1973 fiscal year is 3.649 percent. Total loans outstanding on any one project may not exceed $5,000.000.

17. Resource conservation and development loans are made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations and individuals for planned conservation measures and works of improvement as specified in approved work plans. Resource conservation and development loans are repayable in not more than 30 years, with repayment of principal and interest deferred up to 5 years, if necessary. Loans bear interest at a rate based on the average rate paid by the U. S. Treasury on obligations of similar maturity. The rate for the 1973 fiscal year is 3.649 percent.

18. Grants may be made from funds from the Appalachian Regional Commission, the Department of Commerce, or the Department of the Army to supplement the water and waste disposal loans and grants made for development costs by the Farmers Home Administration.

19. Technical assistance for comprehensive planning is provided, in cooperation with the Department of Housing and Urban Development, regarding establishment of non-metropolitan districts and the carrying out of comprehensive planning in such districts.

20. Community facilities loans. Loans are authorized to public. quasi-public, and nonprofit associations and to certain Indian tribes for essential community facilities including necessary related equipment.

21. Rural industrialization loans. Loans are authorized to public, private, or cooperative associations organized for profit or nonprofit, to certain Indian tribes or tribal groups, or to individuals for the purpose of improving, developing, or financing business, industry, and employment and improving the economic and environmental climate in rural communities.

General. In fiscal year 1973, nearly 100% of the budgeted lending program will be comprised of insured loans. Under this concept, loans are made from one of the three revolving funds established for the purpose, and then sold to investors. The purchaser's investment is fully insured by the Government against any loss of either principal or interest. FHA continues to perform all loan collection and servicing functions while the loans are being held by the purchaser. The Rural Development Act of 1972 authorized financial assistance to be provided to borrowers by guaranteeing loans made by any Federal or State chartered bank, savings and loan association, cooperative lending agency, or other legally organized lending agency. The term "guarantee" is defined as "to guarantee the payment of a loan originated, held, and serviced by a private financial agency or other lender approved by the Secretary." It is expected that the system of guaranteeing loans will be initiated during the latter part of fiscal year 1973.

Technical guidance in planning and carrying out sound operations is provided borrowers on the basis of their individual problems and needs. No loan is made to anyone who can secure adequate credit from other sources at reasonable rates, except for certain initial emergency loans. A local county or area committee of 3 is generally required to approve each applicant and each loan or grant.

On July 1, 1972, the Administration was servicing the accounts of about 628,000 individual borrowers and 8,100 association borrowers serving approximately 2,200,000 families with principal indebtedness of $9,622,000,000. Under the program direction of the Washington headquarters, this service was provided through 42 State Offices, a National Finance Office in St. Louis, Missouri, and approximately 1,750 county offices utilizing the services of about 3,200 supervisors and 7,100 local committeemen.

Available Funds and Man-Years, 1972 and Estimated 1973 and 1974

(Note: The following table reflects loan authorizations and obligations under revolving funds, appropriations, and transfers from other agencies.)

Item	Actual 1972		Estimated Available 1973		Budget Estimate 1974	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Farmers Home Administration:						
Direct loan account:	$		$			
Operating loans	350,000,000	--	350,000,000	--	$ --	--
Watershed protection and flood prevention loans	5,400,000	--	20,400,000	--	--	--
Resource conservation and development loans	3,300,000	--	3,600,000	--	--	--
Subtotal, direct loan account	358,700,000	--	374,000,000	--	--	--
Rural housing insurance fund:						
Direct housing loans	10,000,000	--	10,000,000	--	10,000,000	--
Permanent appropriation for insufficiencies on participation sales	736,486	--	371,000	--	1,480,000 a/	--
Reimbursement for premium interest to investors and other losses	23,663,000	--	51,461,000	--	89,170,000	--
Subtotal, rural housing insurance fund	34,399,486	--	61,832,000	--	100,650,000	--
Agricultural credit insurance fund	37,192,000	--	56,762,000	--	74,554,000	--
Rural water and waste disposal grants	100,000,000	--	92,000,000 b/	--	--	--
Self-help housing land development fund	--	--	--	--	--	--
Rural housing for domestic farm labor	2,500,000	--	3,750,000	--	--	--
Mutual and self-help housing grants	2,000,000	--	3,000,000	--	3,000,000	--
Salaries and expenses:						
Direct appropriation	100,032,041	)	114,955,000	)	112,500,000	)
Transfer from Agricultural Credit Insurance Fund	1,469,000	)7,877	1,250,000	)8,594	500,000	)8,518
Transfer from Rural Housing Insurance Fund	--	)	--	)	3,000,000	)
Transfer from Direct Loan Account	500,000	)	250,000	)	--	)
Subtotal, salaries and expenses	102,001,041	7,877	116,455,000	8,594	116,000,000	8,518
Deduct allotments to other agencies	-80,000	-1	-350,000	-7	-350,000	-7
Net, salaries and expenses	101,921,041	7,876	116,105,000	8,587	115,650,000	8,511
Total	636,712,527	7,876	707,449,000	8,587	293,854,000	8,511
Obligations under other USDA appropriations:						
Soil Conservation Service:						
Watershed protection and flood prevention	535,028	39	642,000	45	476,000	34
Resource conservation and development	341,118	25	313,000	22	188,000	13
Total, Soil Conservation Service	876,146	64	955,000	67	664,000	47

Available Funds and Man-Years, 1972 and Estimated 1973 and 1974 - Continued

Item	Actual 1972		Estimated Available 1973		Budget Estimate 1974	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Emergency credit revolving fund:						
Loans	$29,344,066	--	$106,000	c/ --	$ --	--
Administrative	7,950,141	587	800,000	58	--	--
Deduct allotments to other agencies	-40,000	-4	--	--	--	--
Net, emergency credit revolving fund	37,254,207	583	906,000	58	--	--
Agricultural credit insurance fund (emergency loan administrative funds)	--	--	6,760,000	547	5,060,000	427
Deduct allotments to other agencies	--	--	-60,000	-4	-60,000	-4
Net, agricultural credit insurance fund (emergency loan administrative funds)	--	--	6,700,000	543	5,000,000	423
Total, Other USDA appropriations	38,130,353	647	8,561,000	668	5,664,000	470
Total, Agricultural Appropriation Bill d/	674,842,880	8,523	716,010,000	9,255	299,518,000	8,981
Other funds:						
State Rural Rehabilitation Corporation (loans and expenses)	1,537,901	--	164,000	--	31,000	--
Agency for International Development:						
Training of foreign participants	104,000	5	73,000	5	73,000	5
Technical consultation	12,000	1	12,000	1	12,000	1
Special projects e/	355,000	11	175,000	5	160,000	4
Total, Agency for International Development	471,000	17	260,000	11	245,000	10
Office of Economic Opportunity:						
Administrative expenses	3,128,145	315	1,800,000	176	--	--
Appalachian Regional Commission grants	983,460	--	1,674,540	--	--	--
Economic Development Administration, water facility grants	403,500	--	717,000	--	--	--
Regional Action Planning Commission grants	1,348,878	--	285,200	--	--	--
Department of the Army military construction grants	1,840,600	--	41,000	--	--	--
Receipts from borrowers for credit reports	38,000	--	--	--	--	--
Miscellaneous reimbursements	81,333	11	35,000	3	25,000	2
Total, Other funds	9,832,817	343	4,976,740	190	301,000	12
Total, Farmers Home Administration	684,675,697	8,866	720,986,740	9,445	299,819,000	8,993

Available Funds and Man-Years, 1972 and Estimated 1973 and 1974 - Continued

a/ Includes $1,476,000 of estimated insufficiencies arising from sales of participation certificates authorized in 1968. Permanent appropriation authority for insufficiencies relating to the 1968 sale of participation certificates is requested in the FY 1974 Budget.

b/ In addition, $58,000,000 of the FY 1972 appropriation is available in 1973.

c/ Represents obligations incurred in connection with outstanding loans. Such obligations are necessary to protect the Government's investment and are charged to the borrowers' accounts.

d/ Excludes insured loans (based on Appropriation Acts) as follows:

	1972 Actual	1973 Estimated	1974 Estimated
Agricultural Credit Insurance Fund	$782,000,000	$1,094,000,000	$844,000,000
Rural Housing Insurance Fund	1,605,000,000	2,011,000,000	1,133,000,000
Rural Development Insurance Fund	- -	300,000,000	645,000,000
Total, Insured loans	2,387,000,000	3,405,000,000	2,622,000,000

e/ Through Special Projects, Agricultural Credit Specialists furnish service to underdeveloped countries as designated by AID such as Brazil, Nigeria, El Salvador, Kenya, Vietnam, etc.

FARMERS HOME ADMINISTRATION

Obligations for all Loan and Grant Programs
(Dollars in thousands)

Type of Loan	1972 Actual	1973 Estimate	1974 Estimate
Farm ownership loans (insured):			
Regular	$348,835	$340,000	$340,000
Including nonfarm enterprise	6,669	10,000	10,000
Subtotal, farm ownership loans	355,504	350,000	350,000
Recreation loans to individuals (insured)	1,808	1,500	1,500
Land conservation and development loans (Appalachia) (direct)	4	--	--
Soil and water loans to individuals (insured)	4,572	3,000	3,000
Association loans:			
Water and waste systems (insured)	299,999	300,000	345,000*
Irrigation and drainage (insured)	860	1,000	1,000
Grazing (insured)	7,265	4,000	4,000
Recreation facilities (insured)	--	500	500
Indian tribe land acquisition (insured)	1,990	10,000	10,000
All association loans (insured)	310,114	315,500	360,500
Farm operating loans:			
Direct	337,166	51,678	--
Insured	--	298,322	350,000
Subtotal, farm operating loans	337,166	350,000	350,000
Rural housing building loans (individuals):			
Direct	5,399	10,000	10,000
Insured 1/	1,561,221	1,926,000	1,084,000
Subtotal, building loans (individuals)	1,566,620	1,936,000	1,094,000
Rural rental housing loans (insured) 1/	40,118	70,000	44,000
Rural housing site loans:			
Direct (self-help land devel. fund)	79	900	900
Insured	966	5,000	5,000
Subtotal, site loans	1,045	5,900	5,900
Farm labor housing loans (insured) 1/	2,693	10,000	--

1/ No funds for waste disposal systems is included.

Obligations for all Loan and Grant Programs - Continued

Type of Loan	1972 Actual	1973 Estimate	1974 Estimate
Emergency loans:			
Direct	$29,504	$ --	$ --
Insured	79,408	350,000	100,000
Subtotal, emergency loans	108,912	350,000	100,000
Watershed works of improvement loans:			
Direct	5,000	1,345	--
Insured	--	18,693	20,000
Subtotal, watershed	5,000	20,038	20,000
Flood prevention loans:			
Direct	--	--	--
Insured	--	400	400
Subtotal, flood prevention	--	400	400
Resource conservation and development loans:			
Direct	983	--	--
Insured	--	3,600	3,600
Subtotal, resource conserv. & devel.	983	3,600	3,600
Community facility loans (insured)	--	--	100,000
Industrial development loans (insured)	--	--	200,000
Total Direct Loans	378,135	63,923	10,900
Total Insured Loans	2,356,404	3,352,015	2,622,000
TOTAL LOANS	2,734,539	3,415,938	2,632,900
Type of Grant			
Water and waste systems grants:			
Planning	2,137	624	--
Development	39,863	29,376	--
Subtotal, water and waste systems grants	42,000	30,000	--
Appalachian Regional Commission grants	983	1,675	--
Department of Commerce grants	1,752	1,002	--
Department of Army grants	1,841	41	--
Farm labor housing grants 1/	6,683	2,176	--
Mutual and self-help housing grants	1,618	3,729	3,832
TOTAL GRANTS	54,877	38,623	3,832
GRAND TOTAL, LOANS AND GRANTS	2,789,416	3,454,561	2,636,732

1/ The loan and grant levels shown in 1973 for low income housing loans, farm labor housing grants, and rural rental housing are tentative. FHA will honor bonafide commitments for subsidized low income housing and farm labor housing made prior to January 9, 1973.

The rural rental housing program will continue on a nonsubsidized basis after January 9, 1973, and will continue in fiscal year 1974 on the same basis.

FARMERS HOME ADMINISTRATION

Number of Loans and Grants for all Programs

Type of Loan	1972 Actual	1973 Estimate	1974 Estimate
Farm ownership loans (insured):			
Regular	13,499	13,216	13,030
Including nonfarm enterprise	256	384	380
Subtotal, farm ownership loans	13,755	13,600	13,410
Recreation loans to individuals (insured)	48	45	50
Land conservation and development loans (Appalachia) (direct)	2	--	--
Soil and water loans to individuals (insured).	891	600	600
Association loans:			
Water and waste systems (insured)	1,226	1,340	1,383*
Irrigation and drainage (insured)	21	26	26
Grazing (insured)	42	27	35
Recreation facilities (insured)	--	8	8
Indian tribe land acquisition (insured)	4	50	50
All association loans (insured)	1,293	1,451	1,502
Farm operating loans:			
Direct	43,845	6,738	--
Insured	--	34,999	39,734
Subtotal, farm operating loans	43,845	41,737	39,734
Rural housing building loans (indiv.):			
Direct	3,803	6,900	6,900
Insured 1/	112,182	124,800	64,200
Subtotal, building loans (indiv.)	115,985	131,700	71,100
Rural rental housing loans (insured) 1/	515	755	394
Rural housing site loans:			
Direct (self-help land devel. fund)	2	22	22
Insured	17	83	67
Subtotal, site loans	19	105	89
Farm labor housing loans (insured) 1/	50	101	--
Emergency loans:			
Direct	3,877	--	--
Insured	9,102	56,800	9,400
Subtotal, emergency loans	12,979	56,800	9,400

1/ No funds for waste disposal systems is included.

Number of Loans and Grants for all Programs - Continued

Type of Loan	1972 Actual	1973 Estimate	1974 Estimate
Watershed works of improvement loans:			
Direct	18	11	--
Insured	--	62	72
Subtotal, Watershed	18	73	72
Flood prevention loans:			
Direct	--	--	--
Insured	--	5	5
Subtotal, flood prevention	--	5	5
Resource conservation and development loans:			
Direct	16	--	--
Insured	--	76	76
Subtotal, resource conserv. & develop.	16	76	76
Community loans (insured)	--	--	500
Industrial development loans (insured)	--	--	200
Total Direct Loans	51,563	13,671	6,922
Total Insured Loans	137,853	233,367	130,210
TOTAL LOANS	189,416	247,048	137,132
Type of Grant			
Water and waste systems grants:			
Planning	155	41	--
Development	551	416	--
Subtotal, water and waste systems grants	706	457	--
Appalachian Regional Commission grants	14	16	--
Department of Commerce grants	24	8	--
Department of Army grants	9	2	--
Farm labor housing grants 1/	10	5	--
Mutual and self-help housing grants	9	25	25
TOTAL GRANTS	772	513	25
GRAND TOTAL, LOANS AND GRANTS	190,188	247,561	137,157

1/ Tentative for 1973 and 1974.

(a) Direct Loan Account

Loan Authorizations

Appropriation Act, 1973	$374,000,000
Budget Estimate, 1974	- -
Decrease in Loan Authorization	-374,000,000

SUMMARY OF INCREASES AND DECREASES

	1973	Decreases	1974 Estimate
Operating loans	$350,000,000	-$350,000,000	$ - -
Watershed protection and flood prevention loans	20,400,000	-20,400,000	- -
Resource conservation and development loans	3,600,000	-3,600,000	- -
Total	374,000,000	-374,000,000	- -

PROJECT STATEMENT
(On basis of authorizations)

Project	1972	1973 (estimated)	Decreases	1974 (estimated)
Loan authorizations:				
1. Operating loans	$337,166,250	$350,000,000	-$350,000,000	$ - -
2. Loans for SCS programs:				
(a) Watershed protection and flood prevention loans	5,000,000	20,400,000	-20,400,000	- -
(b) Resource conservation and development loans	982,400	3,600,000	-3,600,000	- -
Unobligated balance of loan authorization brought forward	-4,911,867	- -	- -	- -
Unobligated balance of loan authorization carried forward	20,463,217	- -	- -	- -
Total, loan authorization	358,700,000	374,000,000	-374,000,000(1)	- -

The preceding statement reflects authorizations included in appropriation acts. The following tabulation shows estimated obligations for each activity, including balances brought forward from prior years.

PROJECT STATEMENT
(On basis of obligations under available funds)

Project	1972	1973 (estimated)	Decreases	1974 (estimated)
Loan authorizations:				
1. Real estate loans: Farm ownership loans..	$4,190	$ - -	$ - -	$ - -
2. Operating loans	337,166,250	51,677,860	-51,677,860	- -
3. Loans for SCS programs:				
(a) Watershed protection and flood prevention loans	5,000,000	1,345,500	-1,345,500	- -
(b) Resource conservation and development loans	982,400	- -	- -	- -
Total, obligations	343,152,840	53,023,360	-53,023,360	- -
Unobligated balance brought forward	-12,552,877	-28,207,037	-28,207,037	- -
Recoveries of prior-year obligations	-107,000	- -	- -	- -
Unobligated balance transferred to other accounts....	- -	349,183,677	-349,183,677	- -
Unobligated balance carried forward	28,207,037	- -	- -	- -
Total, loan authorizations ...	358,700,000	374,000,000	-374,000,000(1)	- -

(1) The decrease of $374 million in new authorizations to make loans from the Direct Loan Account of the Farmers Home Administration.

This account was transferred to the Agricultural Credit Insurance Fund, effective September 30, 1972.

Loans for these programs are currently being made, and will continue to be made from the Agricultural Credit Insurance Fund pursuant to authority included in P.L. 92-419, the Rural Development Act of 1972, approved August 30, 1972.

(b) Rural Housing Insurance Fund

Direct Loan Authorization

Appropriation Act, 1973	$10,000,000
Budget Estimate, 1974	10,000,000
Increase or Decrease in Loan Authorization	- -

PROJECT STATEMENT
(On basis of authorizations)

Project	1972	1973 (estimated)	Increase and Decrease	1974 (estimated)
Direct loan authorizations:				
Very low-income repair loans	$5,399,275	$10,000,000	$ - -	$10,000,000
Unobligated authorization lapsing	4,600,725	- -	- -	- -
Total, loan authorizations	10,000,000	10,000,000	- -	10,000,000

Reimbursement for Losses

Appropriation Act, 1973	$51,461,000
Budget Estimate, 1974	89,170,000
Increase in Appropriation	+37,709,000

PROJECT STATEMENT
(On basis of appropriation)

Item	1972	1973	Increases	1974 (estimated)
Reimbursement of additional yield to investors for loans insured after August 1, 1968, (Sec. 521c) of Housing Act	$6,860,000	$39,772,000	+$13,590,000	$53,342,000
Reimbursement for other losses	16,803,000	11,709,000	+24,119,000	35,828,000
Total	23,663,000	51,461,000	+37,709,000(1)	89,170,000

(1) An increase of $37,709,000 for reimbursement of losses ($51,461,000 appropriated in 1973). The increase of $37,709,000 will reimburse the Rural Housing Insurance Fund for losses sustained in prior years, including $53,342,000 for reimbursements under section 521(c) of the Housing Act of 1949, as amended. This section authorizes annual appropriations to the Rural Housing Insurance Fund of the amounts by which interest payments made from the Fund each fiscal year to investors in insured loans exceed the interest due from borrowers. The amount requested represents the actual payments made to investors in January of 1972 for those loans insured between August 1, 1968, (enactment of the Housing and Urban Development Act of 1968) and January 1, 1972. The remaining amount, $35,828,000 will reimburse the Fund for all other losses incurred through June 30, 1972.

As of December 31, 1972, a total of $5.6 billion of insured rural housing loans had been sold. The projected liability for premium interest on these loans held by investors through the end of the holding period is estimated to be $672.6 million. To the extent necessary, appropriations will be requested in subsequent years to cover such losses.

The following tabulation reflects the insured loan program from this Fund for 1972, 1973, and 1974:

	1972 Actual	1973 Estimate	1974 Estimate
	(----Dollars in thousands-----)		
Low-income housing loans	$1,061,171	$842,000	$ - -
Moderate-income housing loans	500,049	1,084,000	1,084,000
Subtotal, low and moderate income housing loans	1,561,220	1,926,000	1,084,000
Rural rental housing loans	40,118	70,000	44,000
Farm labor housing loans	2,693	10,000	- -
Rural housing site loans	966	5,000	5,000
Total	1,604,997	2,011,000	1,133,000

Low-income housing loans: As of January 8, 1973 the acceptance of new applications for low-income housing loans was discontinued for an 18-month period as part of a government-wide program to reevaluate Federally subsidized housing. However, all bonafide commitments made prior to that date will be honored. The best present estimate of loan obligations necessary to meet those commitments in 1973 is $842 million. No further subsidized loan obligations are anticipated for fiscal year 1974.

Moderate-income housing loans: The 18-month pause in accepting new applications for subsidized Federal loan programs will free FHA manpower and thus make it possible to place emphasis on unsubsidized loans. Therefore, the 1973 and 1974 estimates of $1,084,000 for moderate-income housing loans reflects this activity in unsubsidized loans.

Rural rental housing loans: This program includes both subsidized and unsubsidized loans. The taking of new applications for the subsidized portion of this program was discontinued for an 18-month period as of January 8, 1973, pending completion of a thorough evaluation of Federally subsidized housing programs. The 1974 estimate of $44 million is for unsubsidized loans and is a revision of the figures shown in the printed budget for these loans.

Farm labor housing loans: This is also a subsidized loan program for which applications were discontinued as of January 8, 1973, pending the evaluation. The 1973 estimate of $10 million represents the best current information as to the loan obligations which will be necessary to meet commitments which were made prior to January 9. No further loan obligations are anticipated for fiscal year 1974.

An analysis of the accrued operating deficit, exclusive of provision for losses, is as follows:

	1972 Actual	1973 Estimated	1974 Estimated
	(----Dollars in thousands----)		
OPERATING INCOME			
Interest income:			
Interest on investments	$1,458	$1,568	$2,235
Interest on loans receivable pledged for participation certificates	6,771	5,600	4,650
Interest on other loans receivable	18,956	26,400	35,350
Insurance charges	3,848	5,000	6,000
Other interest income	18	30	58
Other income	941	1,200	1,800
Total operating income	31,992	39,798	50,093
OPERATING EXPENSE			
Interest expense:			
Interest on Treasury borrowings	7,332	11,000	15,000
Interest on participation certificates	11,017	9,646	9,145
Interest on withheld collections	14,061	19,000	25,000
Premium interest to noteholders	53,357	45,000	37,000
Interest credits on loans receivable	30,916	80,000	110,000
Write-off of interest receivable	63	76	102
Other expense:			
Administrative expense	- -	- -	3,000
Concession on block sales (fees to brokers)	4,180	5,930	3,100
Loans and other write-offs	2,621	17,204	3,705
Other	712	560	660
Total operating expense	124,257	188,416	206,712
Operating surplus or deficit (-)	-92,265	-148,618	-156,619
Less: Amounts recovered for participation certificate transactions	3,095	2,488	2,270
Net surplus or deficit (-)	-89,170	-146,130	-154,349

In accordance with the accounting principles and standards followed by FHA, the previous schedule is prepared on an accrual basis. The following schedule summarizes the change in the cash position of the fund:

	1972 Actual	1973 Estimated	1974 Estimated
	(----Dollars in thousands----)		
Balance of cash, beginning of year	$301,360	$134,951	$258,982
Repayments on loans held	+37,846	+40,000	+40,000
Collections for noteholders not disbursed	+130,619	+9,381	+10,000
Repayment of interest on loans held	+11,403	+20,000	+20,000
Insurance premiums	+2,501	+4,000	+5,500
Appropriation for reimbursement of loss	+23,663	+51,461	+89,170
Appropriation and transfer for insufficiency on participation certificates	+3,095	+2,488	+2,270
Sale of insured loans	+1,695,418	+2,460,894	+1,565,700
Other receipts (net)	-56,292	+12,178	+18,493
Total available	2,149,613	2,735,353	2,010,115
Loans made from the fund	-1,612,703	-1,990,700	-1,250,700
Purchase of loans from lenders	-267,736	-300,000	-325,000
Interest paid on Treasury borrowings	-7,332	-11,000	-15,000
Interest on withheld collections	-1,320	-24,741	-22,000
Principal and interest transferred on participation certificates (net)	-33,223	-29,200	-25,408
Premium interest paid noteholders	-60,949	-40,000	-40,000
Interest credits on loans	-13,445	-54,000	-94,000
Administrative expense	- -	- -	-3,000
Concession on block sales (fees to brokers)	-4,180	-5,930	-3,100
Other expenses, net	-13,774	-20,800	-28,050
Balance of cash, end of year	134,951	258,982	203,857

STATUS OF PROGRAM

Rural Housing Insurance Fund

Establishment of fund: The Rural Housing Insurance Fund was established under the authority contained in section 1003(a) of the Housing and Urban Development Act of 1965 (Public Law 89-117), approved August 10, 1965.

Appropriation: Public Law 89-117 authorized an appropriation of such sums as may be necessary for the purposes of the fund. An appropriation of $100,000,000 was provided by the Supplemental Appropriation Act, 1966 (Public Law 89-309) to capitalize the fund for future operations.

Current program: Public Law 89-117 transferred authorities for making insured farm labor housing loans and insured rural rental or cooperative housing loans from the Agricultural Credit Insurance Fund to the Rural Housing Insurance Fund. Public Law 90-448, approved August 1, 1968, authorized interest credits to the accounts of certain qualified borrowers. Public Law 91-152, approved December 24, 1969, transferred the assets, liabilities, and authorizations of the Rural Housing Direct Loan Account to the Rural Housing Insurance Fund. Public Law 91-609, approved December 31, 1970, made a number of changes in the loan and grant programs for farm labor housing. The appropriation act for 1973 provided for the level of direct and insured rural housing loans to be made from the Rural Housing Insurance Fund.

Direct Loans

Direct rural housing loans to individuals may be made on farms, in the open country, and in towns of not more than 10,000 population that are rural in character. In the case of applicants who are deficient in repayment ability, cosigners on promissory notes are permitted.

1. Very-low-income housing repair loans: Direct repair and improvement loans not in excess of $2,500 are made to very low-income families who are owners of farms or nonfarm rural property to repair or improve their dwellings and essential farm buildings in order to make them safe and sanitary and to remove health hazards to the families and the community. Loans which involve water supply, septic tanks, or bathroom and kitchen plumbing facilities may be made in amounts not in excess of $3,500. These loans are made at one percent interest and are repayable in not more than 10 years.

2. Site loans: Direct rural housing site loans made under the Self-Help Housing Land Development Fund are discussed elsewhere in these justifications.

Insured Loans

1. Farm labor housing loans: Loans are made to a farm owner, to certain public or broad-based private nonprofit organizations or to a nonprofit organization of farm workers incorporated within a State to provide modest living quarters, basic household furnishings, and related facilities, including land necessary for an adequate site, for domestic farm labor. These loans are repayable in not more than 33 years and bear interest not in excess of one percent. Loans to organizations may be made simultaneously with farm labor housing grants which are discussed elsewhere in these justifications.

2. Rural rental and cooperative housing loans: Loans are made to individuals, corproations, associations, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly persons and other persons of low and moderate incomes in rural areas. These loans are repayable in not more than 50 years and bear interest in fiscal year 1973 at 7-1/4 percent with provision for interest credits up to 6-1/4 percent under certain circumstances. These loans are made only if the need for necessary housing cannot be met with financial assistance from other sources, including assistance under section 236 of the National Housing Act. No loan may exceed $750,000. Loans are limited to rural areas which include towns, villages or other rural places with a population up to 10,000, which are not part of an urban area.

3. Rural housing loans: Building loans to individuals are made to enable eligible applicants in rural areas to construct, improve, alter, repair or replace dwellings and essential farm service buildings. Loans may include funds to buy a house, building site and farm service buildings. If the borrowers are persons of low or moderate incomes, and if their need for necessary housing cannot be met with financial assistance from other sources, including assistance available under section 235 of the National Housing Act, the loans made by the Farmers Home Administration in fiscal year 1973 will bear interest at 7-1/4 percent with provision for interest credits up to 6-1/4 percent under certain circumstances. Such loans may not exceed amounts necessary to provide adequate housing, modest in size, design and cost. Insured building loans are made to farm owners, owners of other real estate in rural areas, others who are or will become rural residents, and long-term leaseholders. These loans are repayable in not more than 33 years. Loans are limited to rural areas which include towns, villages or other rural places with a population up to 10,000, which are not part of an urban area.

 Rural housing disaster loans bear interest at 1 percent, 3 percent, or a a rate determined monthly not in excess of 6 percent depending on when the disaster occurred. These loans are made in designated areas to provide for repair or replacement of farm or rural dwellings, farm service buildings and related facilities damaged by a natural disaster. Refinancing is authorized in case of total destruction or substantial property damage to homes and farm service buildings. Principal cancellations and deferred payments are authorized under Public Laws 91-606 and 92-385. Such cancellations totaled $352,438 in fiscal year 1972 and are estimated at $15 million in 1973.

4. Availability of private capital controls the success of the insured loan program and requires constant awareness of the money market. Sales of insured loans to private investors are controlled by adjusting the optional redemption period and/or the interest rate to the lender as needed in line with changes in availability of credit. As of January 3, 1973, interest rates to lenders were 5-3/4 percent for notes held for 1 or 2 years, 6-3/8 percent for notes held for 3 or 4 years, 6-1/2 percent for notes held from 5 through 9 years, and 7 percent for notes held from 10 through 25 years. Insured loans outstanding which are contingent liabilities against the fund are expected to increase from $4,341 million on June 30, 1972, to approximately $6,287 million on June 30, 1973.

Status of Direct and Insured Housing Loans

During the 1972 fiscal year, a total of $5,399,275 was obligated for direct very low-income housing repair loans including $58,465 for loan cost items from the authorization to make such loans. Insured rural housing loans totaled $1,604,997,750 in the 1972 fiscal year. Of this amount, $2,693,080 was obligated for farm labor housing loans; $40,117,880 for rural rental housing loans; $1,561,220,800 for low-to-moderate income building loans; and $965,990 for rural housing site loans. Obligations for direct rural housing site loans under the Self-Help Housing Land Development Fund totaled $78,600.

The appropriation act for 1973 provided authority to use $10,000,000 from funds available in the Rural Housing Insurance Fund for direct rural housing loans. The Act also authorized insured rural housing loans totaling $2,144,000,000. Insured loan estimates for 1973 are as follows: Farm labor housing loans, $7,500,000; rural rental housing loans, $30,000,000; low-to-moderate income building loans, $1,734,000,000; and rural housing site loans, $5,000,000. Obligations for direct rural housing site loans under the Self-Help Land Development Fund are estimated at $900,000.

1. Applications: During the 1972 fiscal year a total of 256,554 applications for new loans were received. Loan applications on hand June 30, 1972, totaled 90,387. It is expected that total applications for both direct and insured loans in 1973 will approximate 300,000.

2. The following tables show the number and amount of direct and insured rural housing loans made for 1972 and estimates for the 1973 fiscal year.

Direct Rural Housing Loans	1972 Actual Number	1972 Actual Amount (Thousands)	1973 Estimate Number	1973 Estimate Amount (Thousands)
Very-low income housing repair loans:				
Initial	3,219	$4,841	6,400	$9,600
Subsequent	584	500	500	400
Recoverable costs	- -	58	- -	- -
Rural housing site loans (Self-Help Housing Land Development Fund):				
Initial	1	50	22	900
Subsequent	1	29	- -	- -
Total, Direct	3,805	5,478	6,922	10,900
Insured Rural Housing Loans				
Farm labor housing loans:				
Initial	50	2,693	41	7,200
Subsequent	- -	- -	4	300
Rural rental housing loans:				
Initial	372	31,503	170	22,000
Subsequent	143	8,615	135	8,000
Low-to-moderate income building loans:				
Initial	106,878	1,544,731	103,330	1,714,000
Subsequent	5,304	16,490	6,600	20,000
Rural housing site loans:				
Initial	17	966	83	5,000
Subsequent	- -	- -	- -	- -
Total, Insured	112,764	1,604,998	110,363	1,776,500

3. Use of insured funds: Forty-one percent of the initial insured funds in fiscal year 1972 was scheduled for the construction of 44,107 new dwellings. The purchase, repair and refinancing of existing dwellings represented 55 percent of the funds available. From the proceeds of the insured rental housing funds for 1972, 3,868 units were planned for the benefit of the elderly and low-income families. Also, 790 family units were to be constructed or improved through the labor housing program.

4. Loan repayments:

 A. Direct loans: Some direct rural housing loans have been converted to insured loans pursuant to Public Law 91-152. Direct rural housing loans are made with an annual common maturity date of January 1. As of January 1, 1972, $614,357,847 had been advanced to 112,944 borrowers under the direct housing program. Principal payments of $414,388,397 and interest payments of $162,408,010 had been made. The principal and interest payments included contributions in the amount of $155,184, which were applied to some borrowers' accounts with section 503 loans to assist them in developing adequate farms. Principal write-offs and judgments totaled $1,273,354.

 By January 1, 1972, 55,916 borrowers had paid their direct rural housing loans in full. As of the same date, cumulative annual installments in the amount of $179,058,196 were due from the 57,028 borrowers with outstanding loan balances. The regular principal and interest payments on these installments were $184,560,946. This represents cumulative regular payments to cumulative installments of 103 percent. Extra payments and refunds of $4,433,474 were also applied to these borrowers' accounts. On January 1,

67 percent of the total borrowers with outstanding loan balances were ahead of schedule an average of $217 and 9 percent were behind schedule an average of $498.

As of January 1, 1972, 136 organizations had received direct loans totaling $16,278,100 to build or repair rental units for the benefit of the elderly or other persons of low-income in rural areas. On January 1, $2,066,320 had become due. Fifty-one of the borrowers were on schedule in their payments, 73 were ahead of schedule, and 12 were behind schedule.

B. Insured loans: As of January 1, 1972, $4,531,345,323 had been advanced under the insured section 502 rural housing loan program to 396,669 borrowers. Payments totaled $942,706,355 including $399,497,501 in principal and $543,208,854 interest. The 379,088 borrowers with outstanding balances had paid three percent more than the $723,730,727 due on January 1. Sixty-eight percent of the borrowers were ahead of schedule in their payments, 19 percent on schedule and 13 percent behind schedule.

Of the $93,486,033 loaned to 1,540 borrowers for insured rental housing projects $3,885,369 had been repaid in principal as of January 1, 1972. Interest payments totaled $8,750,063.

The labor housing loan advances totaled $17,280,467 on January 1, 1972. The 159 borrowers, including 52 organizations, had made principal and interest payments of $3,042,001.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Total Direct Section 504 Rural Housing Loans: Funds Obligated and Furnished by Borrowers, and Use of Funds, 1972 Fiscal Year
(Dollars in Thousands)

State and Territory	Loans to new borrowers									Loans to indebted borrowers		Total amount of loans
	Number	Amount of funds			Use of funds					Number	Amount including loan costs 1/	
		Loans	Furnished by borrower	Total	Dwellings repaired		Other buildings repaired	Water systems	Fees			
					Number	Amount						
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL												
Percent distribution				100.0%		84.1%	0.4%	14.9%	0.6%			
Amount	3,219	$4,840	$16	$4,856	2,898	$4,085	$20	$724	$27	584	$559	$5,399
Alabama	177	319	1	320	160	275	2	42	1	34	38	357
Alaska	0	0	0	0	0	0	0	0	0	0	3	3
Arizona	4	12	*	12	3	10	0	2	*	2	2	14
Arkansas	151	252	1	253	124	196	1	53	3	41	31	283
California	7	9	0	9	5	4	0	5	*	0	3	12
Colorado	28	60	*	60	26	51	0	9	*	8	9	69
Delaware	0	0	0	0	0	0	0	0	0	0	*	0
Florida	36	61	*	61	34	56	0	5	*	5	6	67
Georgia	105	159	1	160	93	141	5	13	1	17	15	174
Hawaii	2	5	*	5	2	5	0	0	*	0	*	5
Idaho	5	8	0	8	2	2	0	6	*	0	*	8
Illinois	14	15	*	15	14	15	0	0	0	0	*	15
Indiana	0	0	0	0	0	0	0	0	0	1	1	1
Iowa	47	66	*	66	47	62	0	3	1	6	2	68
Kansas	10	14	*	14	9	13	1	0	*	3	6	20
Kentucky	541	706	2	708	502	619	3	84	2	110	86	792
Louisiana	100	86	1	87	77	63	0	23	1	10	8	94
Maine	54	109	*	109	47	82	0	26	1	9	18	127
Maryland	16	27	*	27	14	19	2	6	*	1	*	27
Massachusetts	2	7	*	7	2	7	0	0	*	0	0	7
Michigan	27	32	*	32	21	25	0	7	*	6	5	37
Minnesota	15	29	0	29	11	19	0	9	1	2	2	31
Mississippi	133	224	1	225	125	195	0	28	2	23	25	249
Missouri	120	175	*	175	90	109	3	63	*	36	26	201
Montana	5	3	0	3	5	3	0	0	*	0	*	3
Nebraska	6	8	1	9	5	8	0	1	*	0	0	8
Nevada	0	0	0	0	0	0	0	0	0	0	*	0
New Jersey	8	3	*	3	8	3	0	0	*	0	6	9
New Mexico	166	293	1	294	157	234	0	60	*	40	40	333
New York	7	11	0	11	4	5	0	6	0	0	6	17
North Carolina	122	238	1	239	116	214	*	24	1	21	17	255
North Dakota	14	21	*	21	12	16	0	5	*	3	5	26
Ohio	15	20	*	20	14	20	0	*	*	6	3	23
Oklahoma	38	57	*	57	36	55	0	2	*	7	5	62
Oregon	2	3	*	3	2	3	0	0	*	0	*	3
Pennsylvania	44	72	*	72	40	66	0	6	*	20	17	89
Rhode Island	1	4	0	4	1	2	0	2	*	0	0	4
South Carolina	30	69	0	69	30	64	0	4	1	8	13	82
South Dakota	7	7	0	7	6	5	0	2	0	1	*	7
Tennessee	94	144	2	146	82	112	0	33	1	29	31	175
Texas	737	1,022	2	1,024	665	892	3	125	4	95	82	1,104
Utah	12	16	*	16	11	13	0	3	*	2	2	18
Vermont	12	20	0	20	12	16	0	4	*	2	2	22
Virginia	104	218	1	220	96	172	0	43	5	7	7	225
Washington	3	6	*	5	3	4	0	1	*	0	*	6
West Virginia	77	100	*	100	72	92	0	7	1	14	13	113
Wisconsin	15	21	0	21	10	17	0	4	*	9	19	40
Wyoming	1	2	0	2	1	2	0	0	0	0	0	2
Puerto Rico	102	96	1	97	99	93	0	3	1	6	5	101
Virgin Islands	3	11	*	11	3	6	0	5	*	0	*	11

Note: In addition, 1 initial Rural Housing Site loan for $49,600 was obligated.

1/ "Loan costs" represent the amounts advanced to borrwers for such purposes as the payment of taxes, insurance premiums, etc.

* Less than $500.

Table II - Total Insured Rural Housing Loans: Funds Obligated and Furnished by the Borrowers, and Use of Funds, 1972 Fiscal Year
(Dollars in Thousands)

State and Territory	Loans to new borrowers									Loans to indebted borrowers		Total amount of loans
	Amount of funds				Use of funds							
	Number	Loans	Furnished by borrower	Total	Dwellings 1/	Other buildings, new, purchase, refinance and/or repair	Water systems	Land purchase	Fees	Number	Amount	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL												
Percent distribution				100.0%	94.5%	1.2%	0.8%	2.6%	0.9%			
Amount	106,878	$1,544,731	$27,953	$1,572,684	$1,486,427	$19,210	$11,790	$40,475	$14,782	5,304	$16,490	$1,561,221
Alabama	4,726	60,191	1,135	61,326	59,325	383	535	535	548	165	338	60,529
Alaska	76	1,776	63	1,839	1,814	0	5	11	9	12	42	1,818
Arizona	2,083	32,245	407	32,652	28,835	35	87	3,193	502	55	146	32,391
Arkansas	4,889	61,838	777	62,615	58,923	1,474	468	I,343	407	269	1,253	63,091
California	2,356	39,153	482	39,635	37,519	0	71	1,590	455	28	39	39,192
Colorado	519	7,351	155	7,506	7,204	10	32	175	85	44	69	7,420
Connecticut	227	3,841	162	4,003	3,879	42	15	20	47	14	33	3,874
Delaware	395	6,514	57	6,571	5,913	1	1	533	123	23	34	6,548
Florida	1,835	27,230	222	27,452	25,959	1	141	1,161	190	28	81	27,311
Georgia	4,754	66,586	1,024	67,610	64,115	298	831	1,556	810	97	205	66,791
Hawaii	281	6,177	273	6,450	5,444	17	15	922	52	2	21	6,198
Idaho	1,722	29,040	385	29,425	27,479	421	327	1,043	155	93	257	29,297
Illinois	2,235	32,250	572	32,822	31,705	311	32	537	237	137	328	32,578
Indiana	3,389	47,724	299	48,023	46,965	312	30	461	255	157	325	48,049
Iowa	1,965	24,291	1,004	25,295	24,222	577	45	208	243	155	456	24,747
Kansas	985	12,122	379	12,501	12,012	182	27	175	105	58	113	12,235
Kentucky	2,379	33,676	1,169	34,845	33,398	442	218	532	255	146	386	34,062
Louisiana	1,450	18,637	310	18,947	18,275	15	79	352	226	31	74	18,711
Maine	2,180	33,011	264	33,275	31,647	455	369	428	376	266	746	33,757
Maryland	833	13,848	362	14,210	13,315	61	10	586	238	58	85	13,933
Massachusetts	259	4,392	104	4,496	4,332	23	35	54	52	9	19	4,411
Michigan	3,647	60,893	1,493	62,386	60,651	102	207	870	556	88	212	61,105
Minnesota	1,338	19,871	796	20,667	18,941	1,147	101	333	145	84	555	20,426
Mississippi	5,726	75,547	907	76,454	72,325	384	903	2,058	784	279	872	76,419
Missouri	3,932	54,071	807	54,878	52,255	850	352	1,222	199	229	650	54,721
Montana	242	3,404	121	3,525	3,415	47	13	23	27	20	59	3,463
Nebraska	557	7,199	376	7,575	7,151	272	38	68	46	46	131	7,330
Nevada	85	1,631	15	1,646	1,637	0	5	1	3	2	4	1,635
New Hampshire	488	7,283	117	7,400	7,215	34	33	54	64	59	141	7,424
New Jersey	766	12,590	604	13,194	12,263	0	35	661	235	79	187	12,777
New Mexico	689	9,286	192	9,478	8,917	8	65	445	43	24	46	9,332
New York	2,199	33,899	1,269	35,168	33,265	666	114	550	573	239	634	34,533
North Carolina	5,854	88,952	1,605	90,557	85,748	84	1,213	2,534	978	368	630	89,582
North Dakota	935	13,592	316	13,908	12,328	828	106	500	146	90	410	14,002
Ohio	3,655	55,994	602	56,596	55,301	286	15	640	354	161	354	56,348
Oklahoma	3,264	41,545	705	42,250	40,696	446	169	783	156	95	284	41,829
Oregon	762	12,023	166	12,189	11,324	129	60	596	80	43	95	12,118
Pennsylvania	1,692	27,417	745	28,162	26,181	424	327	770	460	93	250	27,667
Rhode Island	74	1,278	16	1,294	1,224	0	16	41	13	3	7	1,285
South Carolina	6,317	92,729	498	93,227	86,826	28	1,768	3,492	1,113	93	151	92,880
South Dakota	712	8,696	331	9,027	7,966	874	68	47	72	81	449	9,145
Tennessee	4,811	62,852	1,266	64,118	61,081	744	657	1,181	455	210	635	63,487
Texas	4,681	62,718	1,442	64,160	61,357	960	201	1,218	424	144	555	63,273
Utah	783	11,867	254	12,121	11,509	41	32	490	49	34	115	11,982
Vermont	677	9,568	214	9,782	8,955	538	73	113	103	132	341	9,909
Virginia	5,654	88,552	426	88,978	83,150	224	1,362	2,861	1,381	183	402	88,954
Washington	1,619	25,833	128	25,961	25,093	109	62	531	166	36	121	25,954
West Virginia	1,916	27,973	1,002	28,975	28,131	32	102	429	281	81	210	28,183
Wisconsin	2,540	38,980	1,010	39,990	33,755	4,819	299	799	317	407	2,746	41,726
Wyoming	439	6,175	220	6,395	6,206	65	13	57	54	32	148	6,323
Puerto Rico	1,201	18,897	689	19,586	17,781	9	4	1,666	127	21	44	18,941
Virgin Islands	85	1,523	16	1,539	1,500	0	4	27	8	1	2	1,525

Note: In addition, the following loans and grants were obligated: Insured Labor Housing - 50 initial loans for $2,693,080, and 7 initial grants for $6,503,980 and 3 subsequent grants for $179,200; Insured Rural Rental Housing - 372 initial loans for $31,502,910 and 143 subsequent loans for $8,614,970; Insured Rural Housing Site Loans - 17 initial for $965,990.

1/ For detail, see Table III.

Table III - Funds for Dwellings Provided by Insured Rural Housing Initial Loans, 1972 Fiscal Year
(Dollars in Thousands)

State and Territory	Build		Purchase					Refinance			Repair only	
			New		Old							
	Number	Amount	Number	Amount	Number	Amount	Repair costs	Number	Amount	Repair costs	Number	Amount
	1	2	3	4	5	6	7	8	9	10	11	12
U.S.TOTAL	44,107	$632,846	32,952	$520,368	25,466	$309,985	$11,745	230	$1,611	$462	2,299	$9,410
Alabama	1,909	23,470	2,563	33,719	167	1,842	36	1	3	8	56	247
Alaska	40	1,014	7	193	27	567	32	0	0	0	2	9
Arizona	1,602	22,166	227	3,621	240	2,938	51	2	16	*	7	42
Arkansas	1,958	24,197	1,935	26,467	715	7,431	190	13	52	34	142	553
California	602	7,514	1,599	27,805	146	2,108	7	4	46	12	5	27
Colorado	159	2,467	127	2,177	215	2,365	130	1	9	0	16	57
Connecticut	27	468	36	675	161	2,667	48	1	12	2	1	8
Delaware	294	4,501	54	836	42	551	10	0	0	0	3	14
Florida	913	12,485	787	12,042	116	1,347	10	1	4	*	16	71
Georgia	2,279	30,208	2,127	30,301	292	3,357	65	2	15	2	35	168
Hawaii	211	3,781	54	1,354	15	303	6	0	0	0	0	0
Idaho	889	15,045	379	6,743	392	5,389	182	0	0	0	23	119
Illinois	563	9,637	320	5,775	1,274	15,637	504	3	23	7	41	121
Indiana	434	6,669	1,208	20,012	1,672	19,683	417	8	58	4	32	122
Iowa	290	4,872	284	4,950	1,266	13,345	778	6	45	14	51	217
Kansas	200	3,229	147	2,546	574	5,841	265	2	9	1	32	121
Kentucky	834	12,233	782	12,935	592	7,703	175	3	16	1	102	335
Louisiana	674	8,862	507	7,108	203	2,063	35	10	61	11	42	136
Maine	658	11,596	220	4,066	1,157	14,279	1,213	6	49	15	97	430
Maryland	507	8,393	173	2,966	133	1,759	85	2	9	1	16	102
Massachusetts	52	867	75	1,449	127	1,897	92	1	4	0	2	22
Michigan	968	17,554	832	16,237	1,807	25,972	679	14	109	46	12	54
Minnesota	495	8,869	159	3,055	538	6,518	260	6	49	1	41	189
Mississippi	3,875	49,268	1,364	19,105	291	3,169	94	5	22	11	137	655
Missouri	1,320	17,402	1,940	29,335	446	5,060	87	3	23	0	111	349
Montana	61	1,083	34	635	120	1,524	61	0	0	0	20	110
Nebraska	97	1,787	74	1,402	327	3,551	230	2	24	4	27	153
Nevada	7	136	65	1,331	12	156	14	0	0	0	1	1
New Hampshire	96	1,611	45	808	336	4,479	277	2	28	0	3	12
New Jersey	446	7,168	34	605	269	4,198	205	5	42	18	10	26
New Mexico	306	4,387	134	2,066	215	2,318	53	3	6	5	27	82
New York	423	7,562	433	8,741	1,247	16,177	598	8	75	9	31	104
North Carolina	3,383	48,738	1,900	30,519	461	6,045	110	2	11	6	92	319
North Dakota	436	7,757	53	989	309	3,045	236	4	38	2	59	261
Ohio	570	9,424	1,482	25,605	1,540	19,534	527	12	105	22	28	83
Oklahoma	1,408	19,460	758	11,027	964	9,292	431	14	78	36	72	372
Oregon	281	3,983	301	5,110	156	2,147	35	2	21	0	7	28
Pennsylvania	688	12,039	215	4,181	725	9,451	395	3	20	9	30	85
Rhode Island	31	542	3	54	38	581	41	0	0	0	2	4
South Carolina	3,606	47,515	2,161	33,126	504	5,718	214	7	32	24	36	197
South Dakota	128	2,308	88	1,600	319	3,387	294	3	26	3	79	348
Tennessee	2,189	28,397	1,588	22,330	863	9,648	246	16	101	20	90	339
Texas	2,015	28,270	1,713	25,997	602	5,809	202	13	67	35	242	976
Utah	412	6,596	110	1,857	229	2,801	90	4	35	2	20	128
Vermont	189	2,960	34	617	380	5,038	251	2	6	3	26	80
Virginia	3,027	44,021	1,678	27,911	793	10,004	490	20	140	68	114	516
Washington	426	6,403	882	14,830	294	3,691	114	1	6	8	10	42
West Virginia	531	8,425	556	9,558	780	9,584	402	2	8	6	42	149
Wisconsin	752	14,102	225	4,583	1,058	13,874	588	9	96	7	142	507
Wyoming	80	1,446	39	739	293	3,815	133	2	12	5	14	56
Puerto Rico	697	8,734	426	8,400	24	327	57	0	0	0	53	264
Virgin Islands	69	1,225	15	275	0	0	0	0	0	0	0	0

* Less than $500.

Table IV - Direct and Insured Rural Housing on Only Nonfarm Tracts: Funds Obligated and Furnished by the Borrowers, and Use of Funds, 1972 Fiscal Year
(Dollars in Thousands)

State and Territory	Loans to new borrowers									Loans to indebted borrowers		Total amount of loans
	Number	Amount of funds			Use of funds					Number	Amount	
		Loans	Furnished by borrower	Total	Dwellings 1/	Other buildings, new, purchase, refinance and/or repair	Water systems	Land purchase	Fees			
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL												
Percent distribution				100.0%	95.6%	*	0.8%	2.6%	1.0%			
Amount	105,222	$1,500,945	$26,209	$1,527,154	$1,460,563	$559	$11,455	$40,229	$14,348	4,926	$10,043	$1,510,988
Direct	2,873	4,313	14	4,327	3,664	10	630	0	23	510	438	4,751
Insured	102,349	1,496,632	26,195	1,522,827	1,456,899	549	10,825	40,229	14,325	4,416	9,605	1,506,237
Alabama	4,742	58,785	1,098	59,883	58,276	1	542	533	531	169	225	59,010
Alaska	76	1,776	63	1,839	1,814	0	4	12	9	12	42	1,818
Arizona	2,063	31,902	404	32,306	28,553	3	79	3,173	498	52	111	32,013
Arkansas	4,707	58,751	709	59,460	57,287	17	429	1,340	387	205	347	59,098
California	2,348	38,940	480	39,420	37,315	0	72	1,581	452	28	39	38,979
Colorado	524	7,189	150	7,339	7,046	2	38	171	82	46	61	7,250
Connecticut	226	3,799	161	3,961	3,879	1	15	19	47	14	33	3,832
Delaware	390	6,481	56	6,537	5,882	0	**	533	122	23	34	6,515
Florida	1,350	27,079	217	27,296	25,804	**	144	1,160	188	30	68	27,147
Georgia	4,781	65,838	997	66,835	63,622	18	837	1,555	803	105	169	66,007
Hawaii	274	6,003	266	6,269	5,281	0	15	922	51	1	6	6,009
Idaho	1,629	27,805	325	28,130	26,632	18	297	1,039	144	83	186	27,991
Illinois	2,164	31,449	532	31,981	31,180	9	24	536	232	126	257	31,706
Indiana	3,321	47,148	287	47,435	46,685	10	26	461	253	154	314	47,462
Iowa	1,873	23,002	901	23,903	23,440	8	18	208	229	143	313	23,315
Kansas	932	11,690	370	12,060	11,729	43	12	175	101	55	84	11,774
Kentucky	2,674	32,919	1,116	34,035	32,985	30	243	532	245	205	299	33,218
Louisiana	1,501	18,274	294	18,568	17,896	0	98	351	223	36	64	18,336
Maine	2,178	32,609	252	32,861	31,572	102	391	427	369	261	661	33,270
Maryland	840	13,728	359	14,087	13,243	4	16	586	238	58	79	13,807
Massachusetts	255	4,328	103	4,431	4,290	0	35	54	52	9	19	4,347
Michigan	3,633	60,467	1,461	61,928	60,297	5	210	866	550	92	194	60,661
Minnesota	1,170	17,891	659	18,550	18,017	9	77	320	127	50	238	18,129
Mississippi	5,516	72,534	819	73,403	69,734	32	829	2,055	753	245	615	73,199
Missouri	3,756	51,796	645	52,441	50,816	6	314	1,121	184	205	388	52,184
Montana	210	2,957	105	3,062	3,005	1	10	23	23	15	35	2,992
Nebraska	489	6,361	337	6,698	6,570	5	15	68	40	42	110	6,471
Nevada	83	1,589	14	1,603	1,595	0	5	1	2	2	4	1,593
New Hampshire	484	7,248	117	7,365	7,215	0	32	54	64	57	101	7,349
New Jersey	770	12,552	595	13,147	12,219	0	35	659	234	79	187	12,739
New Mexico	839	9,462	190	9,652	9,049	2	117	443	41	60	79	9,541
New York	2,122	33,099	1,203	34,302	33,089	1	110	541	561	232	596	33,695
North Carolina	5,842	87,965	1,586	89,551	84,831	21	1,207	2,526	966	366	571	88,536
North Dakota	739	10,893	283	11,176	10,504	39	35	498	100	59	138	11,031
Ohio	3,621	55,477	580	56,057	55,044	7	15	640	351	160	295	55,772
Oklahoma	3,095	39,162	634	39,796	38,684	39	148	777	148	85	186	39,348
Oregon	740	11,327	132	11,959	11,228	3	55	596	77	39	77	11,904
Pennsylvania	1,669	26,812	725	27,537	25,994	2	326	764	451	104	174	26,986
Rhode Island	75	1,281	16	1,297	1,226	0	17	41	13	3	7	1,288
South Carolina	6,299	92,229	488	92,717	86,360	10	1,763	3,477	1,107	93	151	92,380
South Dakota	513	6,753	246	6,999	6,892	**	12	46	49	45	120	6,873
Tennessee	4,680	60,693	1,230	61,923	59,647	23	634	1,176	443	203	411	61,104
Texas	5,159	61,395	1,370	62,765	60,810	55	277	1,215	408	202	373	61,768
Utah	770	11,668	252	11,919	11,347	2	32	490	48	32	100	11,768
Vermont	634	9,019	197	9,216	8,940	0	67	113	96	124	269	9,288
Virginia	5,667	87,780	411	88,191	82,581	12	1,381	2,847	1,370	185	402	88,182
Washington	1,599	25,492	124	25,616	24,870	**	56	527	163	33	84	25,576
West Virginia	1,935	27,730	991	28,721	27,900	10	103	429	279	88	217	27,947
Wisconsin	2,041	33,161	759	33,920	32,637	6	217	800	260	161	366	33,527
Wyoming	415	5,973	212	6,185	6,061	2	13	58	51	27	98	6,071
Puerto Rico	1,222	18,604	672	19,276	17,486	1	1	1,663	125	22	44	18,648
Virgin Islands	87	1,530	16	1,546	1,504	0	7	27	8	1	2	1,532

1/ For detail, see table V.

* Less than 0.0% percent.
** Less than $500.

Table V - Funds for Dwellings Provided by Direct and Insured Rural Housing Loans on Only Nonfarm Tracts, 1972 Fiscal Year
(Dollars in Thousands)

State and Territory	Build		Purchase					Refinance			Repair Only	
			New		Old							
	Number	Amount	Number	Amount	Number	Amount	Repair costs	Number	Amount	Repair costs	Number	Amount
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	42,589	$609,975	32,875	$519,161	25,349	$308,929	$11,530	223	$1,584	$441	3,606	$8,942
Direct	0	0	0	0	0	0	0	0	0	0	2,605	3,664
Insured	42,589	609,975	32,875	519,161	25,349	308,929	11,530	223	1,584	441	1,201	5,278
Alabama	1,824	22,347	2,557	33,641	166	1,832	36	1	2	8	161	410
Alaska	40	1,014	7	193	27	567	32	0	0	0	2	5
Arizona	1,585	21,913	227	3,621	238	2,908	51	2	16	*	8	43
Arkansas	1,843	22,718	1,933	26,449	710	7,404	182	13	52	34	176	447
California	594	7,408	1,594	27,718	145	2,097	7	4	46	12	9	26
Colorado	148	2,313	127	2,177	213	2,345	128	1	9	0	33	75
Connecticut	27	468	36	675	161	2,667	48	1	12	2	1	8
Delaware	293	4,484	54	836	42	551	10	0	0	0	0	0
Florida	902	12,327	786	12,027	114	1,327	9	1	4	*	43	111
Georgia	2,248	29,753	2,122	30,232	289	3,311	64	1	8	*	110	254
Hawaii	203	3,614	54	1,354	15	303	6	0	0	0	2	4
Idaho	849	14,338	379	6,743	388	5,345	171	0	0	0	8	35
Illinois	538	9,198	320	5,775	1,273	15,623	504	3	23	7	30	48
Indiana	429	6,613	1,202	19,911	1,668	19,645	414	8	58	4	13	39
Iowa	252	4,180	283	4,932	1,263	13,321	775	6	45	14	68	173
Kansas	189	3,031	147	2,546	573	5,834	265	2	9	1	17	44
Kentucky	787	11,534	780	12,903	591	7,693	175	3	16	1	481	663
Louisiana	645	8,472	507	7,108	202	2,052	35	10	61	11	105	159
Maine	654	11,521	220	4,066	1,154	14,244	1,210	6	49	15	126	467
Maryland	503	8,333	173	2,966	133	1,758	85	2	9	1	25	90
Massachusetts	52	867	73	1,410	127	1,897	92	1	4	0	2	19
Michigan	956	17,336	832	16,237	1,796	25,829	673	14	109	46	28	67
Minnesota	448	8,071	159	3,055	534	6,502	248	6	49	1	20	90
Mississippi	3,693	46,897	1,363	19,093	290	3,156	94	4	19	11	151	464
Missouri	1,228	16,106	1,940	29,335	444	5,038	87	3	23	0	115	227
Montana	46	796	34	635	117	1,490	55	0	0	0	11	28
Nebraska	76	1,383	73	1,384	328	3,500	214	1	13	4	16	73
Nevada	5	93	65	1,331	12	136	14	0	0	0	1	1
New Hampshire	96	1,611	45	808	336	4,479	277	2	28	0	3	12
New Jersey	443	7,122	34	605	269	4,198	205	5	42	18	17	29
New Mexico	301	4,307	134	2,066	213	2,314	46	2	5	5	178	307
New York	418	7,483	431	8,699	1,248	16,169	598	8	75	9	16	57
North Carolina	3,317	47,781	1,898	30,490	460	6,030	110	2	11	6	159	402
North Dakota	353	6,236	50	934	296	2,979	176	4	38	2	32	140
Ohio	562	9,293	1,475	25,488	1,540	19,534	527	12	105	22	31	74
Oklahoma	1,293	17,698	755	10,982	957	9,227	427	14	78	36	69	236
Oregon	276	3,905	301	5,110	155	2,132	35	2	21	0	6	24
Pennsylvania	680	11,902	214	4,163	722	9,427	391	3	20	9	45	82
Rhode Island	31	542	3	54	38	581	41	0	0	0	3	6
South Carolina	3,581	47,180	2,153	33,008	503	5,703	214	6	31	14	54	211
South Dakota	89	1,586	86	1,568	311	3,366	244	3	26	3	23	99
Tennessee	2,092	27,129	1,583	22,263	858	9,596	246	16	101	20	116	292
Texas	1,954	27,297	1,708	25,927	597	5,788	186	12	66	31	814	1,515
Utah	407	6,512	109	1,840	228	2,791	90	4	35	2	20	78
Vermont	189	2,960	34	617	380	5,038	251	2	6	3	29	65
Virginia	2,987	43,444	1,676	27,875	793	10,004	490	19	138	64	175	567
Washington	415	6,235	882	14,830	291	3,653	114	1	6	8	9	24
West Virginia	516	8,210	554	9,524	779	9,565	402	2	8	6	81	186
Wisconsin	717	13,432	223	4,543	1,053	13,818	586	9	96	6	35	156
Wyoming	75	1,342	39	739	293	3,815	133	2	12	5	6	14
Puerto Rico	671	8,415	426	8,400	24	327	57	0	0	0	101	287
Virgin Islands	69	1,225	15	275	0	0	0	0	0	0	2	3

* Less than $500.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table VI - Rural Housing: Total Direct Loans - Number of Borrowers, Amount Loaned and Payments, Cumulative Through January 1, 1972
(Dollars in Thousands)

State and Territory	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied					Borrowers with unpaid balance as of January 1, 1972					
				Credits 1/						Principal and interest payments			
				Principal							Regular and advance payments made on scheduled installments		Extra payments and refunds
			Number	Total	Payments	Write-offs and judgments 2/	Interest payments 3/	Number	Scheduled installments (principal and interest)	Total	Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12	13
U.S. TOTAL	112,944	$614,358	55,916	$314,646	$313,373	$1,273	$74,430	57,028	$179,058	$188,994	$184,561	103	$4,433
Alabama	8,392	56,983	2,925	17,630	17,622	8	4,119	5,467	23,023	24,225	23,844	104	381
Alaska	201	2,440	81	941	907	34	181	120	700	702	644	92	58
Arizona	415	3,212	169	1,306	1,304	2	322	246	1,118	1,127	1,106	99	21
Arkansas	6,025	25,596	3,042	12,891	12,877	14	2,770	2,983	7,451	7,885	7,708	103	177
California	1,252	10,600	935	7,637	7,633	4	1,733	317	2,121	2,196	2,120	100	76
Colorado	959	5,423	591	3,937	3,928	9	899	368	857	874	847	99	27
Connecticut	82	331	60	274	272	2	49	22	40	49	37	93	12
Delaware	85	782	31	238	238	0	46	54	293	308	300	102	8
Florida	3,137	22,271	1,797	13,039	13,023	16	3,167	1,340	5,896	6,186	6,055	103	131
Georgia	3,956	21,789	2,902	17,431	17,430	1	4,351	1,054	2,839	3,062	2,966	104	96
Hawaii	533	5,646	194	1,772	1,772	0	454	339	1,965	2,125	2,089	106	36
Idaho	939	6,720	638	4,625	4,616	9	1,231	301	1,553	1,600	1,558	100	42
Illinois	1,232	6,798	810	3,878	3,869	9	881	422	1,825	1,900	1,870	102	30
Indiana	863	4,759	615	3,626	3,617	9	893	248	810	864	831	103	33
Iowa	1,541	9,130	1,020	6,758	6,740	18	1,631	521	1,567	1,639	1,605	102	34
Kansas	1,366	8,107	830	4,871	4,842	29	1,115	536	2,052	2,121	2,066	101	55
Kentucky	5,428	24,376	1,518	7,937	7,873	64	1,686	3,910	8,835	9,555	9,311	105	244
Louisiana	2,633	15,401	1,475	8,575	8,451	124	2,195	1,158	4,276	4,540	4,455	104	85
Maine	2,380	9,293	1,201	5,166	5,084	82	1,182	1,179	2,920	3,008	2,938	101	70
Maryland	548	4,470	336	2,570	2,570	*	601	212	1,115	1,161	1,142	102	19
Massachusetts	99	470	63	304	300	4	68	36	126	137	126	100	11
Michigan	1,744	11,688	1,172	7,769	7,742	27	1,867	572	2,399	2,525	2,438	102	87
Minnesota	1,729	8,518		4,865	4,856	9	1,167	777	2,437	2,525	2,465	101	60
Mississippi	8,909	51,044	3,841	18,859	18,697	162	4,338	5,068	18,640	19,540	19,070	102	470
Missouri	6,957	26,566	4,028	16,552	16,527	25	3,672	2,929	5,788	6,113	5,976	103	137
Montana	734	5,083	517	3,712	3,686	26	840	217	1,032	1,068	1,016	98	52
Nebraska	1,037	6,085	667	3,542	3,532	10	798	370	1,660	1,691	1,661	100	30
Nevada	71	637	43	344	344	0	97	28	200	215	206	103	9
New Hampshire	132	395	63	255	250	5	49	69	94	94	76	81	18
New Jersey	609	3,119	368	2,260	2,256	4	501	241	605	614	582	96	32
New Mexico	1,973	7,303	728	3,290	3,272	18	760	1,245	2,072	2,330	2,284	110	46
New York	916	5,059	490	3,122	3,081	41	724	426	1,237	1,122	1,036	84	86
North Carolina	4,129	22,447	2,155	13,530	13,504	26	3,371	1,974	5,404	5,805	5,694	105	111
North Dakota	1,222	9,050	819	6,884	6,869	15	1,722	403	1,561	1,598	1,553	99	45
Ohio	964	5,145	603	3,441	3,422	19	753	361	1,118	1,168	1,145	102	23
Oklahoma	3,810	22,707	2,069	11,528	11,520	8	2,783	1,741	7,513	7,792	7,632	102	160
Oregon	769	5,712	559	4,003	3,986	17	1,026	210	1,118	1,145	1,120	100	25
Pennsylvania	1,245	5,204	767	3,884	3,848	36	934	478	816	877	792	97	85
Rhode Island	17	55	11	46	43	3	6	6	5	5	5	112	0
South Carolina	3,044	20,529	1,338	8,715	8,704	11	2,352	1,706	7,555	7,890	7,758	103	132
South Dakota	1,240	6,772	653	3,725	3,717	8	874	587	2,108	2,124	2,087	99	37
Tennessee	6,745	44,187	2,908	17,172	17,146	26	3,874	3,837	15,630	16,531	16,299	104	232
Texas	10,906	33,247	4,230	16,509	16,255	254	3,796	6,676	9,181	10,224	9,809	107	415
Utah	1,073	9,340	569	4,493	4,493	0	1,140	504	3,294	3,471	3,373	102	98
Vermont	218	546	77	320	315	5	64	141	89	97	96	107	1
Virginia	1,321	7,861	647	4,454	4,435	19	1,157	674	2,109	2,230	2,192	104	38
Washington	961	7,899	728	6,150	6,129	21	1,510	233	1,362	1,407	1,367	100	40
West Virginia	1,640	8,217	769	4,357	4,345	12	1,060	871	2,513	2,771	2,700	107	71
Wisconsin	2,367	14,709	1,282	7,468	7,441	27	1,825	1,085	3,790	4,075	3,952	104	123
Wyoming	670	5,671	317	2,164	2,164	*	533	353	1,954	1,976	1,958	100	18
Puerto Rico	3,593	13,343	1,276	5,491	5,490	1	1,202	2,317	3,813	4,079	3,976	104	103
Virgin Islands	133	1,623	37	336	336	0	61	96	579	628	625	108	3

Note: This table includes all loans made under Title V of the Housing Act of 1949, as amended.

1/ Includes contributions in the form of principal and interest credits as authorized by section 503 of Title V of the Housing Act of 1949, as amended. The contributions credited to the accounts of borrowers paid in full and with unpaid balances totaled $155,184.
2/ Principal write-offs total $1,072,983 and judgments $200,371.
3/ Does not include interest write-offs in the amount of $68,140 and interest judgments in the amount of $20,658.

* Less than $500.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table VII - Rural Housing: Total Insured Loans - Number of Borrowers, Amount Loaned and Payments, Cumulative Through January 1, 1972
(Dollars in Thousands)

State and Territory	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied					Borrowers with unpaid balance as of January 1, 1972					
				Credits						Principal and interest payments			
				Principal							Regular and advance payments made on scheduled installments		Extra payments and refunds
			Number	Total	Payments	Write-offs and judgments 1/	Interest 2/	Number	Scheduled installments (principal and interest)	Total	Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12	13
U.S. TOTAL	396,669	$4,531,345	17,581	$164,419	$162,583	$1,836	$24,246	379,088	$723,731	$755,878	$743,287	103	$12,591
Alabama	15,597	164,673	407	3,622	3,609	13	423	15,190	22,242	23,378	22,977	103	401
Alaska	644	11,705	35	499	499	0	73	609	2,589	2,598	2,562	99	36
Arizona	3,831	50,977	52	501	496	5	89	3,779	4,746	4,603	4,498	95	105
Arkansas	20,041	196,845	1,046	8,136	8,121	15	1,120	18,995	29,602	31,335	30,856	104	479
California	4,797	62,134	159	1,880	1,861	19	280	4,638	8,175	8,365	8,101	99	264
Colorado	2,696	28,790	221	2,071	2,041	30	366	2,475	5,423	5,571	5,401	100	170
Connecticut	1,081	16,603	79	1,140	1,135	5	162	1,002	2,495	2,523	2,480	99	43
Delaware	790	11,723	10	105	105	0	14	780	1,235	1,258	1,225	99	33
Florida	6,678	75,819	207	1,848	1,845	3	321	6,471	13,084	13,641	13,352	102	289
Georgia	18,607	216,494	675	6,763	6,758	5	1,035	17,932	37,503	39,116	38,614	103	502
Hawaii	1,433	25,194	46	688	688	0	79	1,387	3,630	3,852	3,821	105	31
Idaho	5,008	68,964	186	2,062	2,056	6	380	4,822	10,751	11,119	10,943	102	176
Illinois	8,529	96,685	470	4,279	4,122	157	661	8,059	17,218	17,681	17,467	101	214
Indiana	10,752	125,397	556	5,389	5,140	249	773	10,196	16,235	16,892	16,639	102	253
Iowa	8,881	93,229	546	5,359	5,306	53	817	8,335	17,163	18,133	17,924	104	209
Kansas	5,047	50,786	352	3,008	2,974	34	475	4,695	9,589	10,126	9,915	103	211
Kentucky	12,093	141,162	733	6,847	6,817	30	839	11,360	23,178	24,752	24,295	105	457
Louisiana	7,476	74,701	350	2,950	2,644	306	580	7,126	14,555	15,521	15,318	105	203
Maine	8,679	92,349	734	6,061	5,978	83	803	7,945	13,714	14,110	13,818	101	292
Maryland	3,478	49,807	94	1,225	1,225	0	163	3,384	7,560	7,902	7,787	103	115
Massachusetts	723	10,222	38	422	422	0	49	685	1,135	1,130	1,115	98	15
Michigan	8,654	120,380	299	3,327	3,319	8	508	8,355	14,621	15,201	14,936	102	265
Minnesota	6,925	76,840	405	3,301	3,277	24	527	6,520	14,508	15,306	15,024	104	282
Mississippi	27,303	272,977	921	7,792	7,696	96	973	26,382	48,392	50,339	49,206	102	1,133
Missouri	17,064	183,153	964	8,104	8,078	26	1,271	16,100	29,973	31,651	30,700	102	951
Montana	1,489	17,565	101	1,097	1,093	4	221	1,388	4,359	4,476	4,410	101	66
Nebraska	3,673	35,355	237	1,845	1,815	30	283	3,436	6,686	7,044	6,939	104	105
Nevada	272	4,070	11	100	100	0	15	261	559	574	568	102	6
New Hampshire	1,759	21,724	109	1,160	1,129	31	151	1,650	3,041	3,140	3,093	102	47
New Jersey	5,630	74,117	438	5,489	5,460	29	833	5,192	13,124	13,645	13,422	102	223
New Mexico	1,981	18,906	125	954	918	36	134	1,856	3,209	3,363	3,336	104	27
New York	10,041	122,594	486	5,057	4,941	116	747	9,555	21,423	20,959	20,615	96	344
North Carolina	26,015	301,668	842	8,087	8,081	6	1,422	25,173	52,384	56,200	55,752	106	448
North Dakota	4,767	54,875	242	2,298	2,251	47	369	4,525	11,567	11,960	11,722	101	238
Ohio	7,832	96,158	309	3,043	3,026	17	417	7,523	11,846	12,033	11,824	100	209
Oklahoma	10,903	121,330	376	3,457	3,453	4	485	10,527	19,416	20,085	19,832	102	253
Oregon	2,881	37,177	260	2,770	2,686	84	433	2,621	5,196	5,287	5,181	100	106
Pennsylvania	6,283	82,064	246	2,668	2,668	*	396	6,037	13,260	13,775	13,589	102	186
Rhode Island	294	4,045	24	272	272	0	35	270	598	651	616	103	35
South Carolina	18,659	227,963	360	3,552	3,521	31	495	18,299	28,199	28,625	28,278	100	347
South Dakota	3,547	35,283	173	1,361	1,323	38	256	3,374	7,576	7,785	7,588	100	197
Tennessee	16,137	168,096	709	6,037	6,016	21	830	15,428	27,136	28,623	28,207	104	416
Texas	22,091	235,698	814	7,411	7,311	100	1,098	21,277	42,373	44,551	43,636	103	915
Utah	3,204	39,531	109	1,058	1,058	*	181	3,095	7,532	8,026	7,885	105	141
Vermont	3,252	39,153	331	3,440	3,420	20	440	2,921	5,569	5,733	5,673	102	60
Virginia	11,346	136,175	299	3,214	3,204	10	516	11,047	20,008	21,083	20,785	104	298
Washington	4,996	70,335	186	2,004	1,989	15	333	4,810	9,566	9,677	9,531	100	146
West Virginia	7,361	83,294	370	3,341	3,338	3	433	6,991	13,844	15,089	14,918	108	171
Wisconsin	9,682	122,305	523	4,707	4,688	19	675	9,159	17,324	18,183	17,851	103	332
Wyoming	1,598	19,735	79	775	767	8	104	1,519	2,928	3,082	3,048	104	34
Puerto Rico	3,897	40,352	235	1,810	1,810	0	161	3,662	5,048	5,443	5,347	106	96
Virgin Islands	272	4,168	2	33	33	0	2	270	644	683	667	104	16

Note: This table covers loans advanced by private lenders which are insured by the Government and advances from the Rural Housing Insurance Fund for loans for later sale and for payment of taxes, insurance premiums, etc. Payments by borrowers on these advances are included.

1/ Principal write-offs total $1,489,228 and judgments $346,576.
2/ Includes interest on amount loaned by private lenders, and insurance and interest payments to the loan insurance fund, but does not include $35,911 interest write-offs and $7,288 interest judgments.

* Less than $500.

Table VIII - Rural Housing: Direct and Insured Loans for Only Nonfarm Tracts - Number of Borrowers, Amount Loaned and Payments, Cumulative Through January 1, 1972
(Dollars in Thousands)

State and Territory	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied				Borrowers with unpaid balance as of January 1, 1972					
				Payments 1/					Principal and interest payments			
			Number	Total	Principal	Interest	Number	Scheduled installments (principal and interest)	Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	409,310	$4,406,289	28,152	$239,837	$207,888	$31,949	381,158	$709,351	$739,315	$728,607	103	$10,708
Direct	48,109	219,931	13,443	76,572	64,739	11,833	34,666	74,444	79,012	77,709	104	1,303
Insured	361,201	4,186,358	14,709	163,265	143,149	20,116	346,492	634,907	660,303	650,898	103	9,405
Alabama	17,512	172,875	798	6,521	5,673	848	16,714	28,597	29,895	29,515	103	380
Alaska	761	13,120	83	1,354	1,152	202	678	2,971	2,943	2,881	97	62
Arizona	4,000	51,627	84	858	706	152	3,916	5,188	5,036	4,935	95	101
Arkansas	20,117	184,765	1,488	10,658	9,315	1,343	18,629	28,762	30,214	29,902	104	312
California	4,864	61,767	243	2,937	2,544	393	4,621	7,910	8,110	7,829	99	281
Colorado	2,855	28,233	344	3,518	2,996	522	2,511	5,085	5,244	5,081	100	163
Connecticut	1,091	16,459	84	1,299	1,135	164	1,007	2,476	2,501	2,459	99	42
Delaware	840	12,260	23	294	254	40	817	1,476	1,502	1,470	100	32
Florida	7,386	77,117	600	4,330	3,670	660	6,786	13,414	13,956	13,685	102	271
Georgia	18,290	209,232	911	9,989	8,653	1,336	17,379	33,943	35,296	34,923	103	373
Hawaii	1,643	27,132	88	1,334	1,157	177	1,555	4,360	4,690	4,652	107	38
Idaho	4,589	63,163	216	2,765	2,322	443	4,373	9,208	9,519	9,394	102	125
Illinois	8,561	94,506	626	5,651	4,869	782	7,935	17,116	17,578	17,394	102	184
Indiana	10,610	123,120	621	6,778	5,916	862	9,989	15,377	15,977	15,729	102	248
Iowa	8,396	86,269	681	7,764	6,709	1,055	7,715	15,139	15,970	15,806	104	164
Kansas	4,950	49,097	487	4,704	4,033	671	4,463	9,080	9,561	9,385	103	176
Kentucky	14,126	142,610	1,148	9,551	8,438	1,113	12,978	25,347	26,807	26,449	104	358
Louisiana	7,833	74,015	580	4,627	3,872	755	7,253	14,608	15,538	15,343	105	195
Maine	9,457	89,947	1,134	7,837	6,910	927	8,323	13,300	13,736	13,493	101	243
Maryland	3,632	50,965	155	2,138	1,852	286	3,477	7,949	8,299	8,186	103	113
Massachusetts	718	9,996	45	480	429	51	673	1,100	1,097	1,073	98	24
Michigan	8,820	119,463	476	5,399	4,652	747	8,344	14,490	15,064	14,823	102	241
Minnesota	5,694	64,215	467	4,465	3,819	646	5,227	11,538	12,135	11,916	103	219
Mississippi	27,802	270,285	1,359	11,014	9,646	1,368	26,443	50,938	52,700	51,693	101	1,007
Missouri	18,388	174,879	2,264	13,376	11,501	1,875	16,124	28,891	30,501	29,634	103	867
Montana	1,303	14,666	145	1,579	1,339	240	1,158	3,200	3,282	3,221	101	61
Nebraska	3,579	33,404	326	2,918	2,519	399	3,253	6,417	6,770	6,669	104	101
Nevada	267	3,915	19	208	177	31	248	550	569	561	102	8
New Hampshire	1,809	21,633	127	1,390	1,223	167	1,682	3,050	3,148	3,093	101	55
New Jersey	5,815	73,964	538	7,012	6,083	929	5,277	13,023	13,544	13,316	102	228
New Mexico	3,171	21,423	448	2,172	1,883	289	2,723	3,886	4,230	4,179	108	51
New York	10,025	121,288	529	6,392	5,543	849	9,496	21,160	20,616	20,255	96	361
North Carolina	26,460	296,292	1,316	12,436	10,595	1,841	25,144	50,628	54,131	53,805	106	326
North Dakota	3,756	42,601	316	3,554	3,034	520	3,440	8,116	8,392	8,278	102	114
Ohio	7,885	95,134	394	4,179	3,660	519	7,491	11,469	11,593	11,413	100	180
Oklahoma	10,640	111,936	614	4,900	4,273	627	10,026	17,922	18,469	18,292	102	177
Oregon	2,763	35,444	280	3,264	2,845	419	2,483	4,625	4,715	4,645	100	70
Pennsylvania	6,416	80,567	314	3,317	2,920	397	6,102	12,579	13,086	12,879	102	207
Rhode Island	297	4,037	24	320	284	36	273	594	641	609	103	32
South Carolina	19,084	228,005	536	5,189	4,542	647	18,548	28,502	28,829	28,553	100	276
South Dakota	2,749	26,170	224	1,970	1,673	297	2,525	5,238	5,410	5,278	101	132
Tennessee	18,104	176,357	1,491	11,120	9,634	1,486	16,613	32,576	34,206	33,873	104	333
Texas	27,015	220,850	2,736	10,265	9,004	1,261	24,279	37,919	40,043	39,346	104	697
Utah	3,172	38,635	138	1,493	1,266	227	3,034	7,488	7,924	7,842	105	82
Vermont	3,251	38,048	331	3,809	3,371	438	2,920	5,360	5,509	5,453	102	56
Virginia	11,327	133,411	393	4,464	3,850	614	10,934	19,253	20,253	19,981	104	272
Washington	4,671	65,717	220	2,670	2,300	370	4,451	7,784	7,798	7,712	99	86
West Virginia	7,640	83,414	535	4,947	4,347	600	7,105	13,806	15,035	14,879	108	156
Wisconsin	7,952	101,126	526	5,659	4,933	726	7,426	14,444	14,983	14,715	102	268
Wyoming	1,762	21,407	131	1,499	1,282	217	1,631	3,692	3,873	3,843	104	30
Puerto Rico	5,084	44,119	481	3,215	2,866	349	4,603	6,599	7,103	6,992	106	111
Virgin Islands	378	5,609	15	255	219	36	363	1,208	1,294	1,275	106	19

Note: The figures on this table are also included in tables VI and VII - Total Rural Housing loans.

1/ Includes write-offs and judgments, if any. Information not available.

Table IX - Rental Housing: Direct and Insured Loans - Number of Borrowers, Amount Loaned and Payments, Cumulative Through January 1, 1972
(Dollars in Thousands)

State and Tarritory	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied 1/				Borrowers with unpaid balance as of January 1, 1972					
				Payments					Principal and interest payments			
			Number	Total	Principal 2/	Interest and insurance charges	Number	Scheduled installments (principal and intersst)	Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	1,676	$109,764	66	$2,140	$1,927	$213	1,610	$12,853	$12,586	$12,340	96	$246
Direct	136	16,278	0	0	0	0	136	2,066	2,091	2,074	100	17
Insured	1,540	93,486	66	2,140	1,927	213	1,474	10,787	10,495	10,266	95	229
Alabama	81	6,140	2	28	26	2	79	778	867	823	106	44
Alaska	3	180	0	0	0	0	3	25	24	24	95	0
Arizona	6	242	0	0	0	0	6	36	36	36	100	0
Arkansas	41	2,439	2	31	24	7	39	381	384	379	99	5
California	17	1,440	1	144	125	19	16	114	116	114	99	2
Colorado	11	530	0	0	0	0	11	60	65	62	102	3
Connecticut	30	2,469	3	150	141	9	27	346	240	239	69	1
Florida	5	299	1	11	8	3	4	37	38	38	102	0
Georgia	30	1,307	4	92	84	8	26	234	245	244	105	1
Hawaii	2	54	1	26	24	2	1	4	5	5	100	*
Idaho	46	3,144	0	0	0	0	46	361	345	344	95	1
Illinois	36	2,645	0	0	0	0	36	350	348	347	99	1
Indiana	20	1,376	0	0	0	0	20	124	113	113	92	0
Iowa	246	12,817	6	116	110	6	240	1,163	1,205	1,187	102	18
Kansas	22	2,197	0	0	0	0	22	286	241	239	84	2
Kentucky	9	370	3	80	63	17	6	43	44	44	102	0
Louisiana	12	542	1	6	5	1	11	70	50	49	71	1
Maine	35	1,963	4	123	118	5	31	165	170	167	101	3
Maryland	1	50	0	0	0	0	1	6	6	6	100	0
Massachusetts	4	173	1	4	4	0	3	19	17	17	90	0
Michigan	44	2,476	0	0	0	0	44	282	283	282	100	1
Minnesota	71	5,942	0	0	0	0	71	686	686	677	99	9
Mississippi	45	3,343	1	131	119	12	44	456	504	463	101	41
Missouri	131	13,090	2	49	39	10	129	1,370	1,303	1,299	95	4
Montana	2	117	0	0	0	0	2	22	23	22	99	1
Nebraska	19	754	2	14	13	1	17	101	104	101	100	3
New Hampshire	10	624	1	17	16	1	9	45	49	40	89	9
New Jersey	5	657	1	13	2	11	4	248	187	187	76	0
New Mexico	7	310	0	0	0	0	7	20	21	21	103	0
New York	3	151	0	0	0	0	3	192	54	54	28	0
North Carolina	81	3,402	8	388	351	37	73	460	485	470	102	15
North Dakota	89	6,417	1	42	34	8	88	729	716	713	98	3
Ohio	24	1,751	0	0	0	0	24	173	138	137	79	1
Oklahoma	35	1,784	1	26	25	1	34	180	162	162	90	0
Oregon	10	538	0	4	*	4	10	99	102	99	101	3
Pennsylvania	30	2,065	3	148	132	16	27	159	142	139	88	3
Rhode Island	1	48	0	0	0	0	1	6	6	6	103	0
South Carolina	25	2,174	1	9	8	1	24	258	261	261	101	*
South Dakota	52	2,661	0	0	0	0	52	242	272	222	92	50
Tennessee	59	2,986	5	168	154	14	54	435	459	456	105	3
Texas	73	5,814	1	33	32	1	72	582	558	553	95	5
Utah	25	1,038	2	25	23	2	23	67	65	65	97	0
Vermont	27	1,028	2	20	19	1	25	169	165	165	97	*
Virginia	28	2,395	1	157	150	7	27	305	297	292	96	5
Washington	9	862	0	0	0	0	9	96	94	94	98	0
West Virginia	10	595	0	0	0	0	10	71	74	74	104	0
Wisconsin	92	5,740	3	48	44	4	89	680	702	694	102	8
Wyoming	7	461	0	0	0	0	7	78	75	75	97	*
Puerto Rico	5	164	2	37	34	3	3	40	40	40	100	0

Note: For insured loans, this table covers loans advanced by private lenders which are insured by the Government and advances from the loan insurance funds for loans for later sale and for payment of taxes, insurance premiums, etc. Payments by borrowers on these advances are included.

1/ Numbers represent borrowers with all indebtedness paid in full or therwise satisfied. In addition to borrowers who have paid all indebtedness, amounts include some advances paid in full by borrowers who are still indebted. This accounts for amounts with no numbers.
2/ Includes principal write-offs of $3,007.

* Less than $500.

Table X - Labor Housing: Insured Loans - Number of Borrowers, Amount Loaned and Payments, Cumulative Through January 1, 1972
(Dollars in Thousands)

State	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied 1/				Borrowers with unpaid balance as of January 1, 1972					
				Payments					Principal and interest payments			
			Number	Total	Principal 2/	Interest and insurance charges	Number	Scheduled installments (principal and interest)	Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	159	$17,280	25	$222	$180	$42	134	$3,453	$2,820	$2,731	79	$89
Alabama	9	173	2	10	9	1	7	28	29	28	102	1
Arkansas	5	21	3	15	13	2	2	3	4	4	105	*
California	7	3,726	0	0	0	0	7	637	504	504	79	0
Colorado	2	269	0	0	0	0	2	81	3	3	4	*
Florida	15	8,284	4	71	49	22	11	1,673	1,463	1,404	84	59
Georgia	2	22	2	24	22	2	0	0	0	0	0	0
Hawaii	1	60	0	0	0	0	1	*	*	*	100	0
Idaho	8	1,265	0	0	0	0	8	263	244	243	92	1
Illinois	2	159	0	0	0	0	2	25	16	16	63	0
Indiana	3	45	0	0	0	0	3	9	6	6	76	0
Louisiana	5	135	0	0	0	0	5	25	21	21	82	*
Maine	10	92	1	8	6	2	9	15	17	15	102	2
Maryland	2	12	0	0	0	0	2	2	2	2	100	0
Michigan	2	25	0	0	0	0	2	2	2	2	100	*
Minnesota	3	31	1	15	13	2	2	2	2	2	100	0
Mississippi	14	396	2	15	13	2	12	82	97	81	99	16
Missouri	2	17	0	0	0	0	2	3	3	3	100	0
New Jersey	8	35	2	19	16	3	6	11	9	7	59	2
New York	2	78	0	0	0	0	2	29	4	4	13	*
North Carolina	12	88	4	16	13	3	8	14	24	17	124	7
North Dakota	8	92	0	0	0	0	8	19	18	18	98	0
Ohio	3	59	0	0	0	0	3	12	12	12	100	*
Oklahoma	1	2	1	3	3	*	0	0	0	0	0	0
Oregon	1	157	0	0	0	0	1	35	32	32	90	0
South Carolina	1	7	0	0	0	0	1	2	2	2	100	0
South Dakota	1	10	0	0	0	0	1	3	3	3	100	0
Tennessee	1	20	0	0	0	0	1	2	2	2	100	0
Texas	10	1,339	0	0	0	0	10	296	154	154	52	0
Utah	1	54	0	0	0	0	1	*	*	*	263	0
Vermont	2	23	0	0	0	0	2	3	3	3	101	0
Virginia	4	29	0	0	0	0	4	6	5	4	80	1
Washington	4	476	1	3	3	*	3	153	121	121	79	*
West Virginia	1	14	1	16	14	2	0	0	0	0	0	0
Wisconsin	7	65	1	7	6	1	6	18	18	18	101	*

Note: This table covers loans advanced by private lenders which are insured by the Government and advances from the loan insurance funds for loans for later sale and for payment of taxes, insurance premiums, etc. Payments by borrowers on these advances are included.

1/ Numbers represent borrowers with all indebtedness paid in full. In addition to borrowers who have paid all indebtedness, amounts include some advances paid in full or otherwise satisfied by borrowers who are still indebted.

2/ Includes principal write-offs of $694.

* Less than $500.

(c) Payment of Sales Insufficiencies

In fiscal years 1967 and 1968, the Farmers Home Administration was authorized to sell to private investors, through the Government National Mortgage Association, participation certificates backed by loan assets in FHA accounts as follows:

	Direct Loan Account*	Rural Housing Direct Loan Account**	Total
	(--------Dollars in Millions--------)		
1967 Sales Authorizations...	$488	$112	$600
1968 Sales Authorizations...	525	150	750
	$1,013	$262	$1,350

* This account was merged with the Agricultural Credit Insurance Fund as of September 30, 1972.

** This account was merged with the Rural Housing Insurance Fund as of June 30, 1970.

Of the 1968 authorization, $525 million was used in the fiscal year 1968 and $225 million was carried forward and used in 1969. Since some of the loans backing the certificates were made at lower rates of return than the participation certificates that were sold and since there were handling costs for the certificates, the sales resulted in insufficiencies. To the extent the above specified accounts contained a balance of prior-year earnings applicable to the loans used to support the participation certificates, these were to be used to offset such insufficiencies. When such earnings were exhausted, the insufficiencies were funded as follows:

1967 Sales:

The Independent Offices Appropriation Act of 1967 appropriated, on a permanent indefinite basis, such sums as may be necessary to cover the insufficiencies relating to the 1967 sale of certificates. The following tabulation reflects the actual and estimated insufficiencies appropriated under this authority:

	1968	1969	1970	1971	1972	1973 Est.	1974 Est.
	(----------Dollars in Thousands----------)						
Rural Housing Insurance Fund	$797	$893	$31	$349	$737	$371	$4

These amounts have been deposited in the Rural Housing Insurance Fund. Insufficiencies in the Direct Loan Account related to the 1967 Sales have been covered to date by the use of retained earnings in that Account.

1968 Sales:

The 1968 Agricultural Appropriation Act provided an appropriation of $13,268,000 to cover insufficiencies relating to the 1968 sales authorization. These funds carry forward, and amounts have been transferred to cover insufficiencies relating to the 1968 sales as follows:

	1969	1970	1971	1972	1973 Est.	1974 Est.
	(----------Dollars in Thousands----------)					
Appropriation or unused balances, beginning of year...	$13,268	$10,519	$7,826	$5,266	$2,907	$790
Amounts transferred to the Rural Housing Insurance Fund for actual or estimated insufficiencies.....	2,749	2,692	2,560	2,358	2,117	790
Unused balances, end of year.	10,519	7,826	5,266	2,907	790	- -

The amount of insufficiencies in fiscal year 1974 relating to the 1968 sales authorization is estimated to be $1,476,000 in excess of the $790,000 balance available for transfer to cover such insufficiencies.

Language is being proposed which is similar to the permanent appropriation language for insufficiencies relating to the 1967 sales authorization. See page 246 of this volume.

(d) Agricultural Credit Insurance Fund

Appropriation Act, 1973	$56,762,000
Budget Estimate, 1974	74,554,000
Increase in Appropriation	+17,792,000

This appropriation is proposed to reimburse the Agricultural Credit Insurance Fund for losses sustained in fiscal year 1972. The annual reimbursement will restore the losses of the fund, exclusive of provision for future losses. On the following page is found an analysis of operating deficit which show in detail the composition of the deficit being funded.

As of December 31, 1972, the unpaid principal balance of insured loans held by investors totaled $2.3 billion. The projected liability for premium interest on these loans held by investors through the end of the holding period is estimated to be $281.5 million.

Program Activities of the Fund:

This fund is used to insure farm ownership, recreation, soil and water, farm operating, and emergency loans to individuals as well as irrigation and drainage, grazing, recreation, Indian land acquisition and Soil Conservation Service program loans to associations.

The Rural Development Act for 1972 abolished the Direct Loan Account and the Emergency Credit Revolving Fund, and transferred those accounts to this fund and also transferred the water and waste disposal loan programs to the newly created Rural Development Insurance Fund.

Insured ACIF Loan Program Levels and Administrative Funds:

	1972 Actual	1973 Estimated	1974 Estimated
	(----Dollars in thousands----)		
Individuals:			
Farm ownership	355,504	350,000	350,000
Farm operating:			
Direct Loan Account	(337,166)	(51,678)	- -
Agricultural Credit Insurance Fund	- -	298,322	350,000
Subtotal, farm operating	(337,166)	(350,000)	350,000
Soil and water	4,572	3,000	3,000
Recreation	1,808	1,500	1,500
Emergency:			
Emergency Credit Revolving Fund	(29,504)	- -	- -
Agricultural Credit Insurance Fund	79,408	350,000	100,000
Subtotal, emergency	(108,912)	350,000	100,000

	1972 Actual	1973 Estimated	1974 Estimated
	(----Dollars in thousands----)		
Associations:			
Water and sewer:			
Agricultural Credit Insurance Fund.....	299,999	54,595	- -
Rural Development Insurance Fund	- -	(245,405)	1/(345,000)
Subtotal, water and sewer	299,999	(300,000)	(345,000)
Grazing.....	7,265	4,000	4,000
Irrigation and drainage	860	1,000	1,000
Recreation facilities	- -	500	500
Indian tribe land acquisition	1,990	10,000	10,000
Watershed protection and flood prevention:			
Direct Loan Account	(5,000)	(1,345)	- -
Agricultural Credit Insurance Fund	- -	19,093	20,400
Subtotal, watershed protection and flood prevention	(5,000)	(20,438)	20,400
Resource conservation and development:			
Direct Loan Account	(983)	- -	- -
Agricultural Credit Insurance Fund	- -	3,600	3,600
Subtotal, resource conservation and development	(983)	3,600	3,600
Total, Agricultural Credit Insurance Fund	751,406	1,095,610	844,000
Administrative expenses:			
Emergency Credit Revolving Fund	7,948	800	- -
Agricultural Credit Insurance Fund	1,469	8,010	5,560
Total, administrative expenses	9,417	8,810	5,560

NOTE:--Amounts in parentheses are not included in totals, but are shown for comparability in all 3 years.

1/ Does not include funds for waste-disposal facilities.

Emergency loans - The low interest and forgiveness features of the Legislation originally proposed to assist persons who suffered losses in major Presidentially declared disaster areas, such as the Hurricane Agnes area, were broadened to include disasters declared by the Secretary for agricultural reasons. This has resulted in an explosive growth of the agricultural program inconsistent with the aims of the original disaster relief proposal.

Therefore new procedures were initiated governing acceptance of applications in designated disaster areas, which resulted in budget estimates of an emergency loan level of about $350 million in fiscal year 1973. The level for fiscal year 1974 is estimated to be approximately equal to that in 1972.

Administrative Expenses - The reduction in estimated administrative expenses from the Agricultural Credit Insurance Fund results primarily from the reduced emergency loan workload estimated for fiscal year 1974.

An analysis of the accrued operating deficit, exclusive of provision for losses, is as follows:

	1972 Actual	1973 Estimated	1974 Estimated
	(-----Dollars in Thousands-----)		
OPERATING INCOME			
Interest income:			
Interest on investments	$ - -	$4,705	$8,940
Interest on loans receivable	12,519	66,638	17,138
Insurance charges	726	467	365
Other interest	17	197	259
Other income	39	47	57
Total operating income	13,301	72,054	26,759
OPERATING EXPENSES			
Interest expense:			
Interest on Treasury borrowings	15,909	22,818	22,818
Interest on participation certificates	- -	17,910	20,423
Interest on withheld collections	3,395	2,875	3,000
Premium interest to noteholders	60,134	61,656	78,370
Interest write-offs	38	1,945	2,116
Other expense:			
Administrative expenses	1,469	8,010	5,560
Concessions on block sales (fees to brokers)	1,159	2,303	1,420
Loans and other write-offs	5,665	253,325	20,772
All other expense	86	89	120
Total operating expense	87,855	370,931	154,599
Surplus or deficit (-) from operations	-74,554	-298,877	-127,840

In accordance with the accounting principles and standards followed by FHA, the previous schedule is prepared on an accrual basis. The following schedule summarizes the change in the cash position of the fund:

	1972 Actual	1973 Estimated	1974 Estimated
	(-----Dollars in Thousands-----)		
Balance of cash, beginning of year	$22,635	$82,211	$768,215
Cash balances transferred from other accounts	- -	+353,091	- -
Appropriation for reimbursement of loss	+37,192	+56,762	+74,554
Repayment of loans held	+13,029	+175,663	+212,839
Treasury borrowings, net	+215,000	- -	- -
Repayment of interest on loans held	+5,169	+48,298	+39,991
Insurance premiums	+831	+449	+354
Collections for noteholders not disbursed	+30,077	+165,979	-37,755
Sale of insured loans	+733,870	+1,335,660	+860,386
Other receipts (net)	+8,604	+29,140	+32,101
Total available	1,066,407	2,247,253	1,950,685
Loan disbursements for later sale	-571,230	-1,070,415	-842,400
Purchase of loans from lenders	-306,341	-218,413	-214,950
Interest paid on Treasury borrowings	-15,909	-22,818	-22,818
Principal and interest transferred on participation certificates (net)	- -	-64,781	-64,000
Premium interest paid noteholders	-59,015	-58,444	-73,150
Administrative expenses	-1,469	-8,010	-5,560
Concession on block sales (fees to brokers)	-1,159	-2,303	-1,420
Other expenses (net)	-29,073	-33,854	-39,518
Balance of cash, end of year	82,211	768,215	686,869

STATUS OF PROGRAM

Agricultural Credit Insurance Fund

This fund is used to insure farm ownership, recreation, soil and water, farm operating and emergency loans to individuals, as well as the following types of loans to associations: Irrigation and drainage, grazing, recreation, Indian land acquisition, watershed protection, flood prevention and resource conservation and development. The insurance endorsement on each insured loan may include an agreement by the Government to purchase the loan after a specified initial period. The initial fund of $1 million may be supplemented by amounts retained by the Government out of interest collected from insured loan borrowers and by borrowing from the Secretary of the Treasury. From any amounts so retained, not to exceed one-half of 1% of the outstanding principal obligations must be deposited to the fund. Any remainder of such charges may be used for administrative expenses.

Loans may be made directly from the fund from available receipts or borrowings from the Treasury for the purpose of acquiring blocks of loans if there is a reasonable assurance that the loans can be sold to investors without undue delay. With respect to all new loans made from this fund, with the exception of emergency loans, not more than $500 million may be held in the fund at any one time.

Availability of private capital controls the success of the insured loan program and requires constant awareness of the money market. Sales of insured loans to private investors are controlled by adjusting the optional redemption period and/or the interest rate to the lender as needed in line with changes in availability of credit. Present money market interest rates are in excess of the statutory rate paid by most borrowers. The excess interest paid to private investors to make the loans saleable is paid from Treasury borrowings. As of January 3, 1973, interest rates to lenders were 5-3/4 percent for notes held for 1 or 2 years, 6-3/8 percent for notes held for 3 or 4 years, 6-1/2 percent for notes held from 5 through 9 years, and 7 percent for notes held from 10 through 25 years.

Public Law 92-419, approved August 30, 1972, abolished the Farmers Home Administration Direct Loan Account and the Emergency Credit Revolving Fund and provided for transfer of the assets and liabilities of, and authorization applicable to, these accounts to the Agricultural Credit Insurance Fund. It also provided for transfer from the Agricultural Credit Insurance Fund to the newly constituted Rural Development Insurance Fund of the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities.

Real Estate Loans to Individuals

Subtitle A of the Consolidated Farm and Rural Development Act contains the authorizations for farm ownership loans, recreation loans to individuals, and soil and water loans to individuals. Soil and water and recreation loans to individuals are each continued as a separate type of loan because the law sets forth eligibility requirements for these loans that differ somewhat from the eligibility requirements for farm ownership loans. In most respects, however, soil and water and recreation loans to individuals and farm ownership loans to individuals are subject to the same authorizations and limitations but not purposes.

Farm Ownership Loans

Farm ownership loans accompanied by supervisory assistance in farm and financial management are needed to preserve and improve the family farm pattern of American agriculture and to strengthen the economy of rural communities.

1. Farm ownership loans are used for:

 A. Maintaining family farms: Owner-operators of this group of farms who are eligible for loans continue to need farm ownership loan assistance. In most cases this assistance will be needed to help these families restructure their debts. Many family farm operators have entered into land purchase contracts which contain repayment schedules that are impossible to meet. Others

need to utilize their real estate equities to refinance heavy short-term debts. In some instances the owner-operators need real estate credit assistance to make further adjustments in their operations, comply with local sanitation requirements, keep up with advances in agricultural technology, better utilize their land and labor resources and meet changing market requirements. Some farmers eligible for these loans who are operating their farms on a part-time basis need farm ownership loan assistance to increase the income they receive from farming. Many of these part-time farmers have stable nonfarm income and need only a modest boost in farm income to achieve a reasonable standard of living. Loans to finance income-producing recreational enterprises or other nonfarm enterprises also help some farmers make more productive use of their labor.

B. Development of farms: One of the functions of the farm ownership loan program is to assist farmers in the development and enlargement of farms. Farmers eligible for these loans need assistance in combining small tracts of land, making basic soil improvements, establishing permanent pastures, improving or constructing dwellings and essential farm buildings, adding a nonfarm enterprise and taking other measures to increase the efficiency and income-producing capacity of their holdings.

2. Eligibility: Farm ownership loans are made to farmers and ranchers who (1) are citizens of the United States, (2) have a farm background, except with respect to veterans a farm background is not required as a condition to obtaining a loan, and either training or farm experience or other training or experience which is determined to be sufficient to assure reasonable prospects of success in the proposed operation, (3) are or will become owner-operators of not larger than family farms, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

3. Size of loans: A farm ownership loan cannot exceed the lesser of (1) $100,000 including the unpaid indebtedness against the farm or other security, (2) the market value of the farm and any additional security, or (3) the loan amount certified by the county committee.

4. Terms of loans: Farm ownership loans are repayable in not more than 40 years and bear interest at 5 percent.

5. Loan purposes: Farm ownership loans are made for: Acquiring, enlarging or improving farms, including dwellings and farm buildings; land and water development, use and conservation; forestry development; recreational facilities; the development of nonfarm enterprises on farms; refinancing existing indebtedness; and for loan closing costs.

6. Supplementing farm ownership loans with other credit: Regulations encourage making a farm ownership loan, when possible, simultaneously with a loan from a Federal Land Bank or private lending institution for authorized farm ownership purposes. Under this policy of participating with private lenders, it has been possible to increase the number of loans made with available farm ownership funds.

7. Security: By administrative regulations, any loan of more than $2,500 and any loan to be paid in more than 10 years must be secured by a mortgage on the farm and such additional security as is deemed necessary. Any loan of not more than $2,500 to be paid in not more than 10 years may be secured by either a mortgage on the farm or by other real estate or chattel security. Appraisals of security are made on a market value basis.

8. Veterans' preference: Applications from veterans are given preference over similar applications of nonveterans on file in any county or area office at the same time.

9. Insured loans: The Consolidated Farm and Rural Development Act provides insurance authority for insured real estate loans, including insured farm ownership loans.

Status of Direct and Insured Farm Ownership Loans

A total of $355,503,600 was obligated for insured farm ownership loans in 1972, including $6,668,630 for nonfarm enterprise loans, from the authorization for insured real estate loans. Loan cost items on direct farm ownership loans totaled $258,419.

The Appropriation Act for 1973 provided for real estate loans to be insured totaling $670,000,000, including not less than $350,000,000 for insured farm ownership loans.

1. Use of loan funds: The following tabulation shows a breakdown for initial and subsequent insured farm ownership loans for fiscal years 1972 and 1973:

Farm Ownership Loans	Fiscal Year 1972		Fiscal Year 1973 (Est.)	
	Number	Amount (millions)	Number	Amount (millions)
Initial	10,718	$302.2	11,037	$309.0
Subsequent loans	3,037	53.3	2,563	41.0
Total	13,755	355.5	13,600	350.0

2. Applications: A total of 38,658 applications for new farm ownership loans were received in 1972. At the end of the year, 15,408 applications were on hand.

3. Loans:

 A. Direct loans: Since inception of the program in 1938 to June 30, 1972, approximately 85,013 loans for more than $803,809,207 have been made. This number and amount does not include non-cash loans previously made in the liquidation of rural rehabilitation project properties which are also included as farm ownership loans on the loan accounts of the administration. In the 1972 fiscal year, there was no direct farm ownership loan activity, except for loan cost items in the amount of $258,419.

 B. Insured loans: During 1972 insured loan activity totaled $355,503,600. Initial loans were made to 10,718 families in the amount of $302,220,690. Subsequent loans to 3,037 existing borrowers accounted for the balance of $53,282,910. These amounts include funds used for the development of nonfarm enterprises.

 C. Direct and insured loan activity for the past six fiscal years is shown on the following tables:

Initial Loans

Fiscal Year	Total Direct Initial Loans		Total Insured Initial Loans	
	Number	Amount (millions)	Number	Amount (millions)
1967	278	$4.2	10,728	$221.0
1968	286	4.1	8,064	171.4
1969	224	4.1	10,214	231.6
1970	168	4.3	8,410	217.4
1971	157	4.5	8,365	226.1
1972	- -	- -	10,718	302.2

Total Direct and Insured Initial and Subsequent Farm Ownership Loans

Fiscal Year	Direct Loans (millions)	Insured Loans (millions)	Total Loans (millions)
1967	$5.0	$253.6	$258.6
1968	5.0	199.0	204.0
1969	5.0	270.7	275.7
1970	5.0	255.2	260.2
1971	5.4	263.0	268.4
1972	- -	355.5	355.5

4. Loan repayments:

A. Direct loans: From the inception of the farm ownership program in 1938 through January 1, 1972 (the latest maturity date), a total of 94,013 families had been advanced $837,136,490 for the purchase, enlargement and development of farms including the refinancing of existing indebtedness (these amounts include non-cash loans previously made in the liquidation of rural rehabilitation project properties which are also included as farm ownership loans on the loan accounts of the administration, and other non-cash loans resulting from the sale to approved applicants of properties received through liquidation of other loans). Principal payments of $610,288,052 and interest payments of $269,343,850 had been made. In addition, principal write-offs totaled $4,271,874 and judgments were $1,042,901. A total of 73,499 of the 94,013 families who had received loans had paid their loans in full as of January 1, 1972. Of this number 42,555, or 58 percent, continued to operate the farms acquired or improved through this program. The remaining 30,944 fully satisfied their accounts, but no longer operated the farms.

As of January 1, 1972, cumulative scheduled installments of $182,023,239 were due from 20,514 individuals with outstanding loan balances, but regular principal and interest payments made on these installments were $182,067,450 or $44,211 more than required on a scheduled amortization basis. An additional $9,513,496 in refunds and extra payments not applied to scheduled installments were credited to these borrowers' accounts. On the same date, 10,037 borrowers were $8,261,257 ahead of schedule, an average of $823 each; 7,615 were on schedule; and 2,862 were behind schedule $8,217,046, an average of $2,871.

B. Insured loans: As of January 1, 1972, $2,530,633,708 had been advanced under the insured loan program to 127,434 farm families for the purchase, enlargement and development of farms including some loans for the development of nonfarm enterprises and some loans primarily for the refinancing of existing indebtedness. Payments by insured loan borrowers totaled $1,176,608,718 as of the same date. Of this amount, $623,742,213 represented principal payments, $552,866,505 payments on interest and payments to the insurance fund. In addition, principal write-offs totaled $1,685,516 and judgments were $846,083. As of January 1, 1972, 35,705 borrowers had paid their loans in full. Of those with unpaid balances, 30,564 were ahead of schedule, 46,489 were on schedule. The amounts of advances and payments do not include $5,862,119 which represents refinancing of existing farm ownership loan indebtedness when subsequent loans were being made and the outstanding indebtedness was taken up in the new note.

5. Progress of borrowers: Farm ownership borrowers are experiencing the need for increased amounts of credit as evidenced by the growing size of their operations. The progress of the average farm ownership borrower is primarily the results of and increase in his resources and of management guidance in improved farm and financial practices, resulting in greater income.

The borrowers used to obtain the information below had active loans on July 1, 1971, and were selected on an approved sampling plan. The data represents all

types of borrowers with varying degrees of progress, varieties of enterprises, educational levels, adequacy of farms and lengths of time indebted to the Farmers Home Administration, etc. Those successful farmers who were able to pay their loans in full and graduate to other sources of credit are not included in this report. These averages are from the farm records of borrowers who received farm ownership loans and have completed one or more crop years.

Item	Base Year 1/	1971 Crop Year	Percent Increase
Total acres	348	419	20.4
Crop acres	172	214	24.4
Gross cash income	$15,050	$23,560	56.5
Cash farm operating expenses	8,090	12,910	59.6
Gross cash income less operating expenses	6,960	10,650	53.0
Gross cash income less operating and family living expenses	4,020	6,510	61.9
Net worth	18,600	33,410	79.6

1/ The measuring period was restricted to the most recent five-year period. For those borrowers who received their loans in 1966 or in prior years, the "base year" information was taken from the 1966 crop year. Thus, the full progress made by borrowers with loans older than five years (51.9% of those sampled) is not shown in this report.

Recreation Loans to Individuals

Insured recreation loans are made to individual farmers and ranchers, under the same terms and limitations as farm ownership loans, for converting all or a portion of the farms or ranches they own or operate to outdoor income-producing recreation enterprises which will supplement or supplant farm income and permit carrying on sound and successful operations. Such loans are not limited to family-size operations. These loans were authorized by Public Law 90-488, approved August 15, 1968. In fiscal year 1972, 36 initial loans were made for $1,625,000 and 12 subsequent loans for $182,820. In fiscal year 1973, it is estimated that 32 initial loans will be made for $1,300,000 and 13 subsequent loans for $200,000. A total of 94 applications for recreation loans to individuals were received during the 1972 fiscal year, and 25 were on hand June 30, 1972.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Farm Ownership Initial Loans: Total Initial Loan Applications and Number of Initial Direct and Insured Loans, 1971 and 1972 Fiscal Years and Cumulative From Inception of program

State and Territory	1971 fiscal year					1972 fiscal year 1/					Direct loans made 1938 through 1972 fiscal years		Insured commitments 1948 through 1972 fiscal years	
	Number of loan applications			Number of direct loans made	Number of insured commitments	Number of loan applications				Number of insured commitments	Number	Average amount 2/	Number	Average amount 2/
	On hand beginning of year	Received during year	Total for consideration			On hand beginning of year	Received during year	Total for consideration	On hand end of period					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
U.S. TOTAL	13,757	29,322	43,079	156	8,282	14,409	38,658	53,067	15,408	10,718	85,012	$9,396	126,944	$21,472
Alabama	444	1,121	1,565	2	272	431	1,298	1,729	343	432	5,042	6,505	3,889	15,018
Alaska	0	1	1	0	1	0	2	2	0	0	27	26,962	7	37,222
Arizona	56	169	225	0	77	88	195	283	73	50	161	15,543	407	37,380
Arkansas	601	1,411	2,012	1	458	515	1,774	2,289	491	601	4,416	6,012	6,646	12,668
California	72	243	315	5	47	70	324	394	84	65	713	15,730	739	26,182
Colorado	225	454	679	0	113	227	390	617	137	111	657	17,137	1,914	30,912
Connecticut	16	27	43	0	8	14	26	40	7	6	55	11,463	116	25,737
Delaware	25	47	72	0	11	23	34	57	19	16	107	9,250	107	29,360
Florida	138	424	562	1	105	149	415	564	142	122	810	8,803	1,536	17,353
Georgia	264	665	929	0	162	245	740	985	230	228	6,198	6,557	3,731	17,136
Hawaii	14	19	33	0	6	15	11	26	5	6	339	8,838	210	20,986
Idaho	282	695	977	1	223	385	938	1,323	401	237	1,366	15,693	2,564	28,851
Illinois	245	840	1,085	3	224	317	1,167	1,484	360	363	1,562	12,782	3,186	25,765
Indiana	276	630	906	3	180	315	985	1,300	348	278	1,264	12,161	2,444	26,069
Iowa	455	754	1,209	0	239	481	1,588	2,069	646	435	1,911	14,404	4,580	29,831
Kansas	556	1,295	1,851	2	337	884	1,511	2,395	796	506	1,647	12,177	3,884	23,770
Kentucky	547	1,214	1,761	1	312	462	1,919	2,381	619	371	1,821	10,763	3,607	19,919
Louisiana	136	390	526	0	118	127	495	622	203	155	2,490	7,650	2,333	16,852
Maine	190	372	562	0	86	134	388	522	109	97	477	11,155	2,297	20,443
Maryland	45	107	152	0	26	47	86	133	26	40	418	9,381	370	24,497
Massachusetts	16	50	66	0	14	25	46	71	22	6	118	9,593	119	23,290
Michigan	210	496	706	3	81	253	679	932	239	147	1,167	9,387	1,942	23,521
Minnesota	455	1,065	1,520	0	251	500	1,719	2,219	551	451	3,088	7,971	5,437	20,891
Mississippi	575	1,117	1,692	1	390	479	1,490	1,969	591	476	5,858	7,156	6,684	12,689
Missouri	847	1,544	2,391	31	406	824	2,195	3,019	916	533	4,130	10,502	7,129	20,178
Montana	143	279	422	0	92	133	425	558	164	126	686	13,052	1,820	27,797
Nebraska	497	966	1,463	0	263	666	1,298	1,964	797	354	1,378	14,779	3,867	29,250
Nevada	9	43	52	0	4	23	43	66	16	15	87	19,968	92	32,344
New Hampshire	19	28	47	1	11	12	24	36	7	8	93	11,755	115	25,474
New Jersey	21	65	86	0	21	24	48	72	13	14	351	11,078	542	17,924
New Mexico	73	252	325	0	75	78	270	348	56	74	329	13,256	1,045	25,487
New York	483	856	1,339	0	150	536	1,175	1,711	553	213	1,039	9,498	2,630	21,127
North Carolina	373	936	1,309	7	222	311	1,284	1,595	354	375	4,986	7,927	4,602	16,442
North Dakota	623	1,014	1,637	12	313	826	1,370	2,196	994	404	1,358	15,288	5,665	27,525
Ohio	257	447	704	0	101	185	599	784	188	143	1,413	10,754	1,500	24,809
Oklahoma	706	1,367	2,073	6	610	913	2,011	2,924	1,156	528	3,655	7,810	4,710	20,963
Oregon	63	284	347	0	65	68	325	393	72	84	707	11,275	1,313	25,129
Pennsylvania	211	561	772	0	86	166	515	681	139	113	1,283	8,872	1,692	20,352
Rhode Island	3	0	3	0	1	0	2	2	1	1	8	11,272	24	23,970
South Carolina	195	396	591	1	162	128	483	611	122	182	3,163	6,531	2,241	15,335
South Dakota	559	581	1,140	9	313	566	1,083	1,649	688	385	1,190	15,107	4,278	29,801
Tennessee	526	886	1,412	3	251	462	1,261	1,723	455	389	3,255	8,392	4,790	16,744
Texas	723	1,477	2,200	30	450	735	1,917	2,652	655	534	5,744	9,958	5,336	24,610
Utah	112	210	322	0	74	103	226	329	68	96	572	14,403	1,205	23,617
Vermont	75	187	262	0	61	85	284	369	96	72	276	10,173	758	30,156
Virginia	162	485	647	1	135	161	441	602	143	135	1,415	8,998	1,532	18,483
Washington	147	380	527	19	125	140	412	552	155	118	1,369	18,675	2,276	25,818
West Virginia	233	559	792	0	86	216	636	852	273	122	805	6,831	1,141	14,045
Wisconsin	687	1,298	1,985	4	344	712	1,709	2,421	798	397	2,499	8,318	5,850	20,312
Wyoming	38	210	248	0	72	65	185	250	38	65	460	14,755	872	30,540
Puerto Rico	129	405	534	9	48	85	217	302	49	39	1,034	7,363	1,170	9,449
Virgin Islands	0	0	0	0	0	0	0	0	0	0	15	10,451	0	0

Note: This table includes loans for the purchase, enlargement, development or improvement of farms and loans primarily for refinancing purposes from Federal funds and such loans advanced by private lenders which are insured by the Government.

1/ No authority to make direct loans in 1972 fiscal year.
2/ Average amount of initial and subsequent loans.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Farm Ownership Insured Loans, Excluding Loans for Nonfarm Enterprises: Use of Funds - Number of Insured Loan Borrowers and Amount Loaned, Including Estimated Amount Furnished by Borrowers, 1972 Fiscal Year
(Dollars in Thousands Except "Average" Amounts)

State and Territory	Loans to new borrowers											Loans to indebted borrowers		Total amount of loans
	Number	Amount of funds			Average amount of loan	Use of funds								
		Loans	Furnished by borrower	Total		Purchase of farm and incidental costs	Land development	Buildings other than dwellings	Dwellings, new and repair	Refinancing		Number	Amount	
										Real estate	Chattels and unsecured			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
U.S. TOTAL														
Percent distribution				100.0%		67.0%	2.8%	3.7%	2.8%	18.1%	5.6%			
Amount	10,539	$296,789	$113,537	$410,326	$28,161	$274,991	$11,399	$15,047	$11,586	$74,438	$22,865	2,960	$52,046	$348,835
Alabama	418	8,484	2,243	10,727	20,295	6,013	207	375	1,066	2,682	384	78	1,117	9,601
Alaska	0	0	0	0	0	0	0	0	0	0	0	1	66	66
Arizona	48	2,178	278	2,456	45,363	1,363	142	60	133	486	272	16	625	2,803
Arkansas	593	10,722	2,464	13,186	18,081	7,535	592	392	669	3,750	248	120	1,638	12,361
California	64	2,843	315	3,158	44,426	1,119	58	35	45	1,630	271	6	163	3,006
Colorado	111	4,237	1,293	5,530	38,175	4,389	202	35	85	619	200	56	1,199	5,436
Connecticut	6	228	32	260	38,000	165	3	53	4	35	0	2	107	335
Delaware	16	634	147	781	39,600	540	0	80	21	122	18	6	73	707
Florida	122	3,319	481	3,800	27,204	2,100	102	133	247	1,034	184	30	509	3,828
Georgia	214	6,389	1,365	7,754	29,853	4,252	205	529	470	2,086	212	76	1,089	7,478
Hawaii	5	219	22	241	43,781	165	4	15	38	19	0	3	92	311
I[illegible]	234	8,168	2,156	10,324	34,904	6,367	301	385	346	1,890	1,035	117	2,189	10,356
I[illegible]is	362	10,794	8,487	19,281	29,819	15,479	220	248	69	2,355	910	51	936	11,731
Indiana	276	9,435	4,323	13,758	34,185	9,279	183	151	106	3,095	944	39	828	10,263
Iowa	430	13,886	11,205	25,091	32,292	20,385	809	601	310	2,177	809	83	1,451	15,336
Kansas	495	11,784	7,463	19,247	23,806	12,866	775	256	278	3,366	1,706	81	1,627	13,411
Kentucky	368	9,306	2,683	11,989	25,288	7,609	430	532	353	2,645	420	63	1,088	10,394
Louisiana	155	4,543	2,040	6,583	29,312	4,673	126	19	135	1,418	212	41	1,005	5,548
Maine	94	2,996	258	3,254	31,874	1,887	17	449	51	660	190	103	2,094	5,090
Maryland	39	1,692	201	1,893	43,392	1,363	18	181	83	128	120	9	110	1,803
Massachusetts	5	173	20	193	34,531	86	1	2	2	73	29	4	33	206
Michigan	147	5,813	1,600	7,413	39,548	3,378	156	1,018	144	1,885	832	62	1,056	6,869
Minnesota	441	13,294	4,893	18,187	30,145	10,910	388	1,391	511	3,847	1,140	110	1,542	14,836
Mississippi	471	10,255	1,960	12,215	21,773	7,909	475	137	569	2,979	146	100	1,342	11,597
Missouri	532	13,679	7,884	21,563	25,711	15,625	1,070	533	657	3,045	633	109	2,190	15,868
Montana	126	5,067	1,258	6,325	40,217	4,141	55	29	58	1,311	731	47	1,232	6,299
Nebraska	350	13,062	4,940	18,002	37,319	14,751	566	143	99	1,734	709	87	2,302	15,363
Nevada	15	567	1	568	37,807	158	79	4	2	292	33	7	117	685
New Hampshire	8	338	41	379	42,188	219	9	127	3	19	2	13	156	494
New Jersey	14	353	111	464	25,250	192	1	12	2	181	76	5	90	443
New Mexico	73	2,599	696	3,295	35,608	2,504	88	5	131	395	172	30	480	3,079
New York	208	6,051	1,501	7,552	29,090	4,843	83	847	39	1,249	491	145	1,706	7,757
North Carolina	359	7,907	3,528	11,435	22,025	6,882	455	492	828	2,060	718	121	1,684	9,591
North Dakota	395	12,751	5,790	18,541	32,280	15,208	120	342	370	1,930	571	147	3,180	15,930
Ohio	142	5,169	2,425	7,594	36,407	5,481	216	324	95	1,248	230	28	516	5,686
O[illegible]ma	520	13,229	3,426	16,655	25,440	8,981	667	257	451	3,623	2,676	92	1,963	15,192
Oregon	84	3,573	499	4,072	42,539	1,526	83	134	67	1,430	832	30	613	4,186
Pennsylvania	112	3,948	1,254	5,202	35,247	2,800	71	847	178	633	673	52	702	4,650
Rhode Island	1	28	22	50	28,000	1	0	0	0	6	43	0	0	28
South Carolina	173	3,858	1,350	5,208	22,301	2,791	222	188	407	1,297	303	64	956	4,814
South Dakota	382	12,349	3,109	15,458	32,328	11,367	175	356	260	2,330	970	161	3,168	15,517
Tennessee	376	7,430	1,472	8,902	19,761	4,644	442	454	608	2,409	345	78	1,369	8,800
Texas	532	14,947	11,085	26,032	28,096	22,143	967	351	405	2,017	149	73	1,246	16,193
Utah	93	2,322	540	2,862	24,964	1,653	24	118	49	807	211	45	766	3,088
Vermont	70	2,798	482	3,280	39,980	2,278	19	226	30	526	201	64	988	3,786
Virginia	133	3,104	550	3,654	23,340	2,044	80	151	272	964	143	27	331	3,435
Washington	113	4,311	910	5,221	38,148	1,896	187	168	195	2,156	619	51	1,024	5,334
West Virginia	119	2,303	349	2,652	19,352	1,748	78	196	245	287	98	35	351	2,654
Wisconsin	391	10,442	3,607	14,049	26,706	8,448	122	1,589	287	3,003	600	161	2,277	12,719
Wyoming	65	2,633	663	3,296	40,501	2,508	28	32	14	410	304	24	610	3,243
Puerto Rico	39	579	115	694	14,856	327	78	45	99	95	50	7	50	629

Table III - Insured Farm Ownership Loans for Nonfarm Enterprises: Use of Funds, Number of Borrowers and Amount Loaned, Including Estimated Amount Furnished by Borrowers, 1972 Fiscal Year
(Dollars in Thousands Except "Average" Amounts)

State	Loans to new borrowers										Loans to indebted borrowers		Total amount of loans
	Number	Amount of funds			Average amount of loan	Use of funds					Number	Amount	
		Loans	Furnished by borrower	Total		Purchase of farm and incidental costs	Land development	Buildings other than dwellings	Dwellings, new and repair	Refinancing			
	1	2	3	4	5	6	7	8	9	10	11	12	13
U.S. TOTAL													
Percent distribution				100%		49.0%	4.2%	12.1%	4.4%	30.3%			
Amount	179	$5,432	$1,533	$6,965	$30,345	$3,413	$295	$841	$305	$2,111	77	$1,237	$6,669
Alabama	14	383	46	429	27,354	253	22	63	2	89	1	20	403
Arizona	2	173	1	174	86,750	50	0	57	0	67	1	13	186
Arkansas	8	247	18	265	30,886	68	10	29	8	150	6	54	301
California	1	22	*	22	22,000	*	1	2	0	19	0	0	22
Colorado	0	0	0	0	0	0	0	0	0	0	1	2	2
Florida	0	0	0	0	0	0	0	0	0	0	1	2	2
Georgia	14	374	87	461	26,718	214	18	52	21	156	7	90	464
Hawaii	1	20	0	20	20,000	0	0	20	0	0	1	5	25
Idaho	3	160	45	205	53,433	147	19	35	3	1	0	0	160
Illinois	1	17	5	22	17,000	*	0	0	1	21	1	7	24
Indiana	2	60	40	100	29,975	93	3	4	0	0	0	0	60
Iowa	5	187	127	314	37,411	298	1	11	4	0	2	37	224
Kansas	11	281	180	461	25,605	320	17	31	12	81	4	44	326
Kentucky	3	55	32	87	18,567	58	3	12	0	14	1	16	72
Maine	3	115	10	125	38,333	1	3	15	4	102	2	52	166
Maryland	1	18	7	25	17,980	17	1	0	7	0	0	0	18
Massachusetts	1	38	0	38	38,000	*	0	30	0	8	0	0	38
Michigan	0	0	0	0	0	0	0	0	0	0	1	13	13
Minnesota	10	240	71	311	23,959	175	27	15	19	75	0	0	240
Mississippi	5	91	6	97	18,210	26	5	46	0	20	4	20	111
Missouri	1	43	0	43	42,950	15	8	0	0	20	2	60	103
Nebraska	4	167	46	213	41,851	153	*	16	3	41	2	58	226
New Mexico	1	12	0	12	11,750	9	0	3	0	0	0	0	12
New York	5	151	97	248	30,240	48	0	40	3	157	4	61	212
North Carolina	16	337	236	573	21,081	306	21	62	80	104	10	202	539
North Dakota	9	434	36	470	48,233	227	5	25	15	198	3	86	320
Ohio	1	25	0	25	24,900	20	2	3	0	0	0	0	25
Oklahoma	8	241	108	349	30,035	258	12	13	30	36	2	6	247
Oregon	0	0	0	0	0	0	0	0	0	0	1	9	9
Pennsylvania	1	20	0	20	19,700	1	1	0	0	18	2	53	73
South Carolina	9	245	47	292	27,222	122	17	36	30	87	1	11	256
South Dakota	3	118	3	121	39,227	103	1	8	*	9	1	25	143
Tennessee	13	290	21	311	22,334	123	12	12	5	159	1	9	299
Texas	2	80	6	86	39,751	32	8	46	0	0	0	0	79
Utah	3	136	132	268	45,133	56	0	0	16	196	0	0	135
Vermont	2	82	0	82	41,215	1	11	18	18	34	2	17	100
Virginia	2	96	2	98	47,925	37	0	0	0	61	2	41	137
Washington	5	171	89	260	34,196	11	63	90	17	79	0	0	171
West Virginia	3	50	0	50	16,609	1	0	12	0	37	0	0	50
Wisconsin	6	253	35	288	42,068	170	4	35	7	72	7	160	412
Wyoming	0	0	0	0	0	0	0	0	0	0	4	64	64

* Less than $500.

UNITED STATES DEPARTMENT OF AGRICULTURE
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Table IV - Farm Ownership: Direct Loans - Number of Borrowers, Amount Loaned and Payments, Cumulative Through January 1, 1972
(Dollars in Thousands)

State and Territory	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied					Borrowers with unpaid balance as of Jan. 1, 1972					
				Credits						Principal and interest payments			
				Principal							Regular and advance payments made on scheduled installments		Extra payments and refunds
			Number	Total	Payments	Write-offs and judgments 1/	Interest payments 2/	Number	Scheduled installments (principal and interest)	Total	Amount	As percent of sched.	
	1	2	3	4	5	6	7	8	9	10	11	12	13
U.S. TOTAL	94,013	$837,136	73,499	$545,524	$540,209	$5,315	$147,842	20,514	$182,023	$191,581	$182,067	100	$9,514
Alabama	5,910	35,300	4,973	26,090	26,007	83	6,752	937	6,424	7,080	6,678	104	402
Alaska	29	785	18	457	375	82	189	11	158	155	119	75	36
Arizona	177	2,806	135	1,931	1,884	47	481	42	497	508	485	98	23
Arkansas	5,480	30,004	4,530	23,397	22,927	470	6,162	950	4,921	5,391	5,147	105	244
California	746	11,429	584	7,286	7,236	50	1,790	162	1,916	1,657	1,535	80	122
Colorado	817	12,301	618	7,423	7,317	106	1,988	199	2,599	2,345	2,159	83	186
Connecticut	61	705	48	522	504	18	133	13	156	166	146	94	20
Delaware	113	1,017	94	724	716	8	176	19	183	190	152	83	38
Florida	984	7,837	809	5,693	5,608	85	1,555	175	1,288	1,369	1,283	100	86
Georgia	6,878	42,466	6,056	33,081	32,922	159	8,781	822	6,123	6,937	6,352	104	585
Hawaii	350	3,047	304	2,348	2,331	17	622	46	476	557	523	110	34
Idaho	1,440	22,684	825	10,594	10,552	42	3,475	615	7,136	6,725	6,409	90	316
Illinois	1,599	20,062	1,198	12,851	12,828	23	3,322	401	4,373	4,599	4,423	101	176
Indiana	1,335	15,806	1,056	10,984	10,966	18	2,861	279	3,333	3,658	3,478	104	180
Iowa	1,948	27,587	1,367	15,135	15,106	29	4,096	581	7,843	8,242	8,120	104	122
Kansas	1,740	20,561	1,304	13,396	13,283	113	3,562	436	4,742	5,074	4,885	103	189
Kentucky	1,924	20,106	1,427	12,590	12,556	34	2,982	497	4,949	5,443	5,235	106	208
Louisiana	3,123	21,356	2,511	16,483	16,333	150	4,668	612	3,821	4,147	3,987	104	160
Maine	579	5,782	298	2,462	2,379	83	654	281	2,151	2,039	1,889	88	150
Maryland	428	3,948	371	3,205	3,174	31	853	57	537	628	563	105	65
Massachusetts	122	1,207	92	871	830	41	230	30	254	293	249	98	44
Michigan	1,249	11,352	1,037	8,049	7,999	50	2,330	212	2,028	2,175	2,052	101	123
Minnesota	3,326	25,784	2,467	15,721	15,574	147	4,074	859	6,575	6,780	6,597	100	183
Mississippi	6,979	47,009	5,306	32,556	32,118	438	9,983	1,673	10,958	11,896	11,324	105	572
Missouri	4,505	44,981	3,223	24,458	24,389	69	7,051	1,282	10,540	11,091	10,741	102	350
Montana	948	10,435	733	6,783	6,701	82	1,903	215	2,238	2,261	2,161	97	100
Nebraska	1,414	20,531	933	10,775	10,715	60	2,522	481	6,167	6,485	6,365	103	120
Nevada	93	1,801	50	657	620	37	206	43	394	439	351	89	88
New Hampshire	103	1,164	64	624	597	27	160	39	343	359	333	97	26
New Jersey	355	3,916	278	3,079	2,948	131	836	77	618	623	576	93	47
New Mexico	380	4,697	293	3,352	3,306	46	875	87	938	979	953	102	26
New York	1,169	10,605	896	6,897	6,643	254	1,782	273	2,145	2,179	1,886	88	293
North Carolina	5,480	41,196	4,389	27,282	27,164	118	6,890	1,091	8,642	9,645	9,050	105	595
North Dakota	1,510	21,581	942	10,171	10,121	50	2,796	568	6,540	6,519	6,325	97	194
Ohio	1,521	15,750	1,269	11,611	11,500	111	3,130	252	2,838	3,092	2,932	103	160
Oklahoma	3,872	29,522	3,285	22,351	22,223	128	5,613	587	5,071	5,501	5,256	104	245
Oregon	805	8,751	616	5,580	5,549	31	1,676	189	1,904	1,981	1,875	98	106
Pennsylvania	1,369	11,743	1,100	8,346	8,204	142	2,392	269	2,192	2,367	2,209	101	158
Rhode Island	9	81	7	46	46	0	13	2	25	27	27	108	0
South Carolina	3,522	21,866	3,016	16,518	16,410	108	4,407	506	3,620	3,972	3,649	101	323
South Dakota	1,283	18,356	742	7,511	7,470	41	1,970	541	6,307	6,399	6,252	99	147
Tennessee	3,393	27,928	2,574	18,361	18,303	58	4,952	819	6,047	6,441	6,097	101	344
Texas	6,130	59,030	5,183	43,325	43,044	281	10,630	947	10,023	10,647	10,211	102	436
Utah	599	8,432	354	4,225	4,119	106	1,486	245	2,814	3,010	2,753	98	257
Vermont	282	2,881	228	2,091	1,989	102	534	54	459	514	483	105	31
Virginia	1,486	13,023	1,221	8,793	8,688	105	2,341	265	2,497	2,675	2,411	97	264
Washington	1,470	26,259	876	12,908	12,545	363	4,388	594	6,817	6,436	6,014	88	422
West Virginia	821	5,557	647	3,768	3,663	105	1,093	174	1,315	1,458	1,363	104	95
Wisconsin	2,602	21,307	1,972	12,961	12,776	185	3,645	630	5,146	5,526	5,277	103	249
Wyoming	460	6,859	321	3,810	3,717	93	1,162	139	1,870	1,860	1,767	95	93
Puerto Rico	1,080	7,786	844	5,235	5,077	158	1,618	236	1,072	1,041	960	90	81
Virgin Islands	15	157	15	157	157	0	52	0	0	0	0	0	0

Note: Includes non-cash advances on sale of rural rehabilitation project farms. Paid-up borrowers include those paid through repossession, debt settlements, etc.

1/ Principal write-offs total $4,271,874 and judgments $1,042,901.
2/ Does not include interest write-offs in the amount of $527,034 and interest judgments in the amount of $133,955.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table V - Farm Ownership: Insured Loans - Number of Borrowers, Amount Loaned and Payments
Cumulative Through January 1, 1972 1/
(Dollars in Thousands)

State and Territory	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied					Borrowers with unpaid balance as of Jan. 1, 1972					
				Credits						Principal and interest payments			
				Principal							Regular and advance payments made on scheduled installments		Extra payments and refunds
			Number	Total	Payments	Write-offs and judgments 2/	Interest payments 3/	Number	Scheduled installments (principal and interest)	Total	Amount	As percent of sched.	
	1	2	3	4	5	6	7	8	9	10	11	12	13
U. S. TOTAL	127,434	$2,530,634	35,705	$461,779	$459,247	$2,532	$121,632	91,729	$581,112	$595,729	$564,819	97	$30,910
Alabama	3,887	51,745	1,123	10,279	10,264	15	2,418	2,764	11,096	12,135	11,298	102	837
Alaska	10	202	6	116	111	5	45	4	18	16	16	86	0
Arizona	394	13,037	84	1,413	1,413	*	462	310	2,506	2,021	1,968	79	53
Arkansas	6,683	77,855	2,203	18,335	18,307	28	3,696	4,480	15,163	16,728	15,517	102	1,211
California	718	17,536	248	4,609	4,591	18	1,042	470	4,388	3,964	3,687	84	277
Colorado	1,952	56,230	578	11,238	11,158	80	3,126	1,374	13,275	12,475	11,724	88	751
Connecticut	125	2,875	28	445	445	0	80	97	550	565	521	95	44
Delaware	109	2,967	23	321	321	0	69	86	483	469	395	82	74
Florida	1,523	23,919	555	6,536	6,520	16	1,651	968	4,658	4,913	4,529	97	384
Georgia	3,861	59,959	1,547	16,926	16,898	28	4,257	2,314	12,102	12,624	11,743	97	881
Hawaii	215	4,158	93	1,125	1,125	0	348	122	1,019	1,141	1,060	104	81
Idaho	2,773	69,571	626	9,026	8,943	83	2,638	2,147	14,538	13,617	12,988	89	629
Illinois	3,119	75,553	698	10,540	10,528	12	2,630	2,421	17,394	17,772	16,819	97	953
Indiana	2,354	57,377	701	11,465	11,436	29	2,786	1,653	11,969	12,603	11,950	100	653
Iowa	4,412	126,087	1,022	19,820	19,820	*	5,353	3,390	31,556	32,717	32,068	102	649
Kansas	3,729	84,829	904	13,493	13,492	1	3,555	2,825	18,439	19,421	18,610	101	811
Kentucky	3,532	66,587	697	9,748	9,743	5	2,222	2,835	14,893	16,711	15,463	104	1,248
Louisiana	2,479	36,331	911	9,502	9,452	50	2,219	1,568	7,326	7,851	7,479	102	372
Maine	2,430	45,402	727	8,922	8,497	425	2,183	1,703	12,286	11,556	10,606	86	950
Maryland	368	8,131	113	1,156	1,152	4	322	255	1,436	1,518	1,464	102	54
Massachusetts	117	2,618	32	496	496	*	101	85	399	418	391	98	27
Michigan	1,934	41,765	769	11,215	11,151	64	3,331	1,165	9,632	10,022	9,199	96	823
Minnesota	5,460	106,461	1,150	13,128	13,099	29	3,699	4,310	26,153	26,482	25,472	97	1,010
Mississippi	6,865	78,469	2,077	16,941	16,936	5	3,913	4,788	16,921	18,220	17,152	101	1,068
Missouri	7,157	135,707	2,163	26,930	26,924	6	7,251	4,994	32,110	32,606	31,478	98	1,128
Montana	1,839	47,517	557	10,025	9,956	69	2,625	1,282	10,913	10,573	10,052	92	521
Nebraska	3,806	104,722	587	10,080	9,954	126	2,706	3,219	25,588	26,583	25,837	101	746
Nevada	85	2,486	22	310	310	0	78	63	683	630	574	84	56
New Hampshire	124	2,790	37	558	552	6	117	87	433	439	429	99	10
New Jersey	555	9,351	245	3,098	3,025	73	887	310	1,956	1,865	1,705	87	160
New Mexico	1,029	24,104	305	4,713	4,652	61	1,270	724	6,009	5,985	5,686	95	299
New York	2,654	51,949	749	10,136	9,917	219	2,474	1,905	11,161	11,032	9,925	89	1,107
North Carolina	4,566	68,497	1,424	15,656	15,648	8	3,969	3,142	16,562	18,093	16,948	102	1,145
North Dakota	5,699	147,340	1,522	26,634	26,579	55	8,345	4,177	39,280	38,751	37,270	95	1,481
Ohio	1,469	33,469	438	6,297	6,262	35	1,701	1,031	7,475	7,687	7,238	97	449
Oklahoma	4,667	93,025	1,141	14,358	14,325	33	3,541	3,526	18,162	19,120	17,956	99	1,164
Oregon	1,348	30,029	467	7,366	7,350	16	2,067	881	6,462	6,189	5,807	90	382
Pennsylvania	1,705	31,417	670	8,048	7,967	81	2,211	1,035	6,506	7,110	6,479	100	631
Rhode Island	15	292	3	27	27	0	5	12	46	46	46	99	0
South Carolina	2,238	31,538	643	6,385	6,378	7	1,598	1,595	6,577	6,981	6,416	98	565
South Dakota	4,276	118,077	705	11,728	11,720	8	3,456	3,571	31,145	31,165	30,356	97	809
Tennessee	4,755	74,991	1,350	16,044	16,031	13	3,920	3,405	18,254	18,532	17,343	95	1,189
Texas	5,181	120,939	1,166	17,139	16,984	155	4,592	4,015	28,958	29,201	27,731	96	1,470
Utah	1,267	26,577	285	4,050	4,046	4	1,218	982	6,437	6,765	6,308	98	457
Vermont	776	21,348	228	4,233	4,223	10	653	548	3,000	3,453	3,193	106	260
Virginia	1,537	26,559	434	5,903	5,894	9	1,764	1,103	5,681	6,072	5,615	99	457
Washington	2,473	56,123	900	13,432	13,205	227	3,920	1,573	12,963	11,987	11,312	87	675
West Virginia	1,112	14,501	336	3,524	3,511	13	1,009	776	3,189	3,684	3,366	106	318
Wisconsin	5,963	112,005	1,815	20,804	20,582	222	6,219	4,148	24,977	26,787	25,643	103	1,144
Wyoming	902	24,941	217	3,774	3,677	97	1,021	685	6,050	5,862	5,636	93	226
Puerto Rico	1,187	10,676	381	3,732	3,650	82	869	806	2,335	2,572	2,351	101	221

Note: This table cover loans advanced by private lenders which are insured by the Government and advances from the Agricultural Credit Insurance Fund for later sale and for payment of taxes, insurance premiums, etc. Payments by borrowers on these advances are included.

1/ Includes 475 loans for nonfarm enterprises in the amount of $10,929,803.
2/ Principal write-offs total $1,685,516 and judgments $846,083.
3/ Includes interest on amounts loaned by private lenders and insurance and interest payments to the loan insurance fund, but does not include $101,930 interest write-offs and $49,128 interest judgments.

* Less than $500.

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Table VI - Insured Recreation Loans to Individuals - Use of Funds, Number of Borrowers and Amount Loaned, Including Estimated Amount Furnished by Borrowers, 1972 Fiscal Year
(Dollars in Thousands Except "Average" Amounts)

State	Loans to new borrowers												Loans to indebted borrowers		Total amount of loans
	Number	Amount of funds			Average amount of loan	Use of funds							Number	Amount	
		Loans	Furnished by borrower	Total		Purchase of real estate and incidental costs	Land development	Repair and improvement	Resource development	Purchase and install equipment and facilities	Operating expenses	Refinancing			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
U.S. TOTAL															
Percent distribution				100.0%	9.5%	9.6%	29.2%	2.0%	4.3%	1.5%	43.9%				
Amount	36	$1,625	$39	$1,664	$45,139	$158	$160	$486	$33	$72	$25	$730	12	$183	$1,808
Arizona	1	25	7	32	25,100	7	0	3	0	1	1	20	0	0	25
California	1	88	*	88	87,700	1	9	17	2	11	0	48	0	0	88
Georgia	1	2	0	2	2,000	0	0	0	2	0	0	0	0	0	2
Idaho	1	18	3	21	17,520	*	0	18	0	0	3	0	2	23	41
Illinois	1	5	5	10	5,400	0	2	2	1	5	0	0	0	0	5
Indiana	4	150	0	150	37,525	*	28	54	3	2	1	62	3	70	220
Kentucky	3	141	3	144	47,023	26	20	37	1	24	5	31	0	0	141
Maine	1	61	0	61	61,400	*	1	56	0	0	0	4	1	26	87
Maryland	1	64	*	64	64,000	*	0	25	0	0	0	39	0	0	64
Mississippi	1	8	*	8	8,000	*	0	0	8	0	0	0	0	0	8
Missouri	0	0	0	0	0	0	0	0	0	0	0	0	1	20	20
New Jersey	1	32	0	32	31,500	1	0	1	0	0	8	22	0	0	32
New York	1	35	1	36	35,320	1	0	14	0	0	0	21	0	0	35
North Carolina	7	343	*	343	48,984	32	53	58	1	21	0	178	0	0	343
North Dakota	1	50	1	51	50,000	*	0	8	0	0	0	43	1	7	57
Oklahoma	1	94	0	94	94,000	2	0	0	0	0	0	92	0	0	94
Oregon	0	0	0	0	0	0	0	0	0	0	0	0	1	9	9
Pennsylvania	0	0	0	0	0	0	0	0	0	0	0	0	1	7	7
South Dakota	2	67	10	77	33,350	46	2	15	0	*	0	14	0	0	67
Texas	2	90	0	90	45,000	1	28	47	10	4	0	0	0	0	90
Vermont	1	22	0	22	22,000	0	0	0	0	0	0	22	0	0	22
Virginia	1	75	0	75	75,000	2	15	10	2	4	7	35	1	15	90
Wisconsin	2	145	0	145	72,651	*	0	86	0	0	0	59	0	0	145
Wyoming	2	110	9	119	55,000	39	2	35	3	0	0	40	1	6	116

* Less than $500.

Table VII - Insured Recreation Loans to Individuals - Number of Borrowers, Amount Loaned and Payments
Cumulative Through January 1, 1972
(Dollars in Thousands)

State	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied				Borrowers with unpaid balance as of January 1, 1972					
			Number	Payments			Number	Scheduled installments (principal and interest)	Principal and interest payments			
				Total	Principal	Interest and insurance charges			Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	141	$4,515	6	$88	$83	$5	135	$526	$413	$410	78	$3
Alabama	3	126	0	0	0	0	3	17	15	15	89	0
Arizona	2	31	0	0	0	0	2	25	*	*	1	0
Arkansas	1	30	0	0	0	0	1	4	5	5	100	0
California	1	42	0	0	0	0	1	5	7	7	134	0
Colorado	6	84	0	0	0	0	6	13	10	10	76	*
Delaware	1	72	0	0	0	0	1	3	3	3	100	0
Georgia	3	41	1	11	10	1	2	3	3	3	100	*
Idaho	6	193	0	0	0	0	6	24	23	21	88	2
Illinois	3	118	0	0	0	0	3	12	6	6	47	0
Indiana	11	408	0	0	0	0	11	37	37	37	100	0
Iowa	4	110	0	0	0	0	4	16	17	17	101	0
Kentucky	3	96	0	0	0	0	3	18	18	18	100	0
Louisiana	1	22	0	0	0	0	1	4	2	2	65	0
Maine	3	144	0	0	0	0	3	17	15	15	86	0
Maryland	2	79	0	0	0	0	2	4	4	4	104	0
Michigan	6	168	0	0	0	0	6	18	12	12	67	0
Minnesota	4	138	0	0	0	0	4	17	16	16	92	0
Mississippi	1	60	0	0	0	0	1	11	7	7	68	0
Missouri	7	235	1	12	11	1	6	30	27	27	92	0
Montana	4	102	1	22	22	*	3	12	12	12	100	0
Nebraska	1	27	0	0	0	0	1	5	5	5	100	*
Nevada	1	48	0	0	0	0	1	6	6	6	100	0
New Hampshire	1	5	0	0	0	0	1	1	1	1	100	0
New Jersey	3	123	0	0	0	0	3	7	2	2	29	0
New York	5	121	0	0	0	0	5	7	5	5	80	0
North Carolina	9	256	2	31	29	2	7	22	23	23	104	0
North Dakota	1	55	0	0	0	0	1	2	2	2	100	0
Ohio	3	38	0	0	0	0	3	5	5	5	100	0
Oregon	1	13	0	0	0	0	1	1	1	1	100	0
Pennsylvania	6	164	0	0	0	0	6	18	17	17	91	0
South Carolina	3	128	0	0	0	0	3	21	1	1	3	0
South Dakota	1	41	0	0	0	0	1	7	0	0	0	0
Tennessee	2	116	0	0	0	0	2	17	8	8	47	0
Texas	4	146	0	0	0	0	4	13	13	13	102	0
Vermont	1	69	0	0	0	0	1	8	8	8	102	0
Virginia	2	56	0	0	0	0	2	5	4	4	89	0
Washington	6	194	1	12	11	1	5	21	20	20	93	0
Wisconsin	17	523	0	0	0	0	17	62	45	44	72	1
Wyoming	2	93	0	0	0	0	2	8	8	8	100	0

* Less than $500.

Soil and Water Loans to Individuals

Real estate loans are classified as soil and water loans to individuals when the applicant's loan needs can be met within the purposes outlined under "Loan Purposes" set forth below. Soil and water loans to individuals are limited to the market value of the farm and any additional security or $100,000, whichever is the lesser, as in the case of farm ownership loans. Soil and water loans to individuals are governed by the same limitations and regulations but not purposes that apply to farm ownership loans with the exception of the broader eligibility criteria noted below.

1. Eligibility: Soil and water loans to individuals are made to a farm tenant or farm owner, a member of a partnership that owns and operates a farm, or a domestic corporation engaged in farming. Applicants must be unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

 Soil and water loans to individuals are not limited to farm operators. Since the basic intent of the soil and water legislation was to promote conservation, development and better use of soil and water resources, these loans may be made to tenants and to non-operator owners. An applicant does not have to have a farm background, training, or experience to be eligible for a soil and water loan unless the soundness of the loan depends on his farming operations. It is not necessary that an applicant receive his income from farming after the loan is made. However, the farm improved with soil and water loan funds must provide a portion of the operator's cash income, except that an applicant may receive a soil and water loan to improve a farm on which the agricultural production may be temporarily eliminated. He may, for example, place his entire farm into grass or forest, and the agricultural income from that unit may be eliminated for several years pending the establishment of the range or forest.

 A soil and water loan borrower does not have to own or operate a not larger than family-sized farm. The unit may be larger than a family farm. An applicant for a soil and water loan is not required to divest himself of nonessential real estate. The use of soil and water loan funds is not limited to the development of land which will be on a mortgage securing the loan. The entire loan may be used to develop rented land.

 Soil and water loans to individuals do not always have to be secured by real estate. Such loans up to $25,000 with repayment periods up to 20 years may be secured by chattels. Soil and water loan borrowers need not be citizens of the United States.

2. Loan purposes: Soil and water loans to individuals may be made only for land and water development, use and conservation. These purposes include a variety of items involving domestic water, irrigation and conservation such as terraces, dikes, reservoirs, ponds, tanks, cisterns, wells, pipelines, pumping and irrigation equipment, ditches and canals for irrigation and drainage, waterways, and erosion control structures; also drainage of land which is part of an operating farm unit, land clearing, sodding, subsoiling, land leveling, liming, forestation for sustained yield and tree planting for erosion, control or shelter belt purposes.

3. Insured loans: The Consolidated Farm and Rural Development Act provides insurance authority for insured real estate loans, including insured soil and water loans to individuals.

Status of Direct and Insured Soil and Water Loans to Individuals. A total of $4,572,580 was obligated for insured soil and water loans to individuals in 1972 from the authorization available for insured real estate loans. Direct land conservation and development loans in the Appalachian Region totaled $4,190. Direct and insured loans to individuals totaled $4,577,716, including $946 for direct loan costs.

The appropriation act for 1973 provided for real estate loans to be insured totaling $670,000,000, including $3,000,000 for insured soil and water loans to individuals.

1. Applications: During 1972, 2,086 applications for new loans from individuals were received. On June 30, 1972, there were 725 applications on hand.

2. Number and amount of loans: The following table shows the number and amount of insured soil and water loans to individuals and direct land conservation and development loans made in fiscal year 1972 and estimates for fiscal year 1973.

	Fiscal Year 1972		Fiscal Year 1973(Est.)	
	Number	Amount (thousands)	Number	Amount (thousands)
Loans to Individuals:				
Insured soil and water				
Initial	844	$4,339.6	550	$2,800.0
Subsequent	47	233.0	50	200.0
Subtotal	891	4,572.6	600	3,000.0
Direct land conservation and development				
Initial	2	4.2	-	-
Subsequent	-	-	-	-
Loan costs (direct SW)	-	1.0	-	-
Subtotal	2	5.2	-	-
Total	893	4,577.8	600	3,000.0

3. Repayments on loans: Water facilities direct loans to individuals made prior to September 15, 1954, are on a principal maturity basis with payments scheduled during the year when agricultural income is normally received. All soil and water loans to individuals are on an amortized basis with annual payments due January 1. The following is the status of accounts reported on the basis of maturities and on an amortized basis as indicated:

Maturity Basis - Paid up Borrowers and Borrowers Owing Balances

Type of Loan	Loan Advances	Matured Principal	Principal Repayments	Interest Payments	Ratio of Principal Repayments to Matured Principal
	(Dollars in millions)				(Percent)
Water facilities to individuals as of June 30, 1972	$29.8	$29.7	$29.7	$4.1	99.3

Amortized Basis - Borrowers Owing Balance Only
(Excludes advances paid in full by borrowers currently indebted)

	Loan Advances	Cumulative Installments	Cumulative Regular Payments	Ratio Payments to Installments (Percent)	Extra Payments and Refunds
	(Dollars in millions)				
Soil and water loans to individuals as of January 1, 1972	$39.7	$15.1	$13.8	91	$0.8

4. Program summary: From inception of the soil and water program on September 15, 1954, to January 1, 1972, 19,382 direct and insured loans to individuals had been made. On the same date, 12,127 borrowers had paid in full their principal indebtedness of $54,836,889 and had made interest payments of $10,753,693, including insured loan charges. Of the 7,255 borrowers receiving loans of $39,660,014 who still owe balances, 1,249 were ahead of their scheduled payments, 1,066 behind their scheduled payments, and 4,940 were on schedule.

Association Loans

Subtitle A of the Consolidated Farm and Rural Development Act contains the authorizations for association loans and Indian tribe land acquisition loans. However, Public Law 92-419 provided for the transfer of loans for water systems and waste disposal facilities from the Agricultural Credit Insurance Fund to the newly constituted Rural Development Insurance Fund. The following types of association loans authorized under subtitle A are currently made from the Agricultural Credit Insurance Fund: Irrigation and drainage association loans, grazing association loans, recreation association loans, and Indian tribe land acquisition loans. In addition, watershed works of improvement and flood prevention loans are made to associations under sections 4 and 8 of the Watershed Protection and Flood Prevention Act, as amended (Public Law 83-566), and resource conservation and development loans are made to associations under section 102 of Public Law 87-703, and other existing Departmental authorities.

Association loans assist farmers and rural communities to (a) increase the income of families and rural communities, (b) readjust the use of land so that each acre is used for a purpose which will better serve the community, and (c) create in rural communities the basic amenities that are commonplace in urban areas. Association loans assist farmers and rural residents by providing adequate financing and technical guidance. These loans assist farmers to better utilize land and thereby improve the economic conditions of all the people living in rural areas.

Irrigation and Drainage

Irrigation and drainage association loans are made to an organization primarily composed of farmers, ranchers, certain Indian tribes, and other rural residents for a project which includes the application or establishment of soil conservation practices, the construction, improvement, or enlargement of facilities for drainage, or the conservation, development, use or control of water, primarily serving farmers and other rural residents. The objectives may be met through such assistance as to a group of farmers and other rural residents to develop community irrigation dams and canals; a soil and water conservation district to purchase heavy earth moving equipment; a community for drainage of land; a group of farmers to develop soil conservation measures such as terraces, shelter belts, and similar development. These loans are made at a 5% interest rate for 40 years or less.

Grazing

Grazing association loans are made to an organization primarily composed of farmers, ranchers, certain Indian tribes, and other rural residents to provide seasonal grazing for livestock belonging to members of the association. Membership in an association permits a farmer or rancher to graze his livestock on association pasture for the grazing season and return them to his base unit for the balance of the year. Such a plan provides a farmer or rancher an opportunity to increase the size of his operations. These loans are made at a 5% interest rate for 40 years or less.

Recreation

Recreation association loans are made to an organization primarily composed of farmers, ranchers, certain Indian tribes and other rural residents to provide rural communities with opportunities to develop outdoor oriented recreational facilities for direct use of their residents or to generate other substantial tangible benefits for such communities. These loans are made at a 5% interest rate for 40 years or less.

1. Eligibility: The above three types of association loans may be made to organizations, including certain Indian tribes and corporations not operated for profit and public and quasi-public agencies, which propose the application or establishment of soil conservation practices, shifts in land use including grazing, and the installation or improvement of drainage, recreational development and irrigation development, all primarily serving farmers, ranchers, farm tenants, farm laborers, and other rural residents. The organization must be unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant is located for loans for similar purposes and periods of time. The organization must have the legal capacity necessary for constructing, operating, and maintaining the proposed facility and for obtaining, giving security for, and repaying the loan. It must be financially sound and so organized and managed that it will be able to provide efficient service. Loans to associations may be made to serve residents of open country and rural towns and villages of not more than 10,000 population, which are not part of an urban area.

2. Terms of loans: Loans to such associations are repayable in not more than forty years and bear interest not in excess of 5 percent.

3. Loan purposes: Loans to such associations may be made to provide for the application or establishment of soil conservation practices, shifts in land use including the development of grazing and forestry, and the installation or improvement of drainage facilities, recreational development and irrigation development.

4. Security: Loans to such associations are required to be secured in a manner which will adequately protect the interest of the Government. Such security includes liens on the association's real and personal property, when applicable, first liens on real and personal property acquired with loan funds, exclusive of easements, rights-of-way and water rights and liens on the interest of the applicant in easements, rights-of-way and water rights used in connection with the facility. Loans to public bodies are ordinarily secured by revenue or general obligation bonds. In cases where additional security is necessary to protect the interest of the Government, individual member's liability agreements and other types of security of this nature may also be taken.

5. Insured loans: The Consolidated Farm and Rural Development Act provides insurance authority for insured real estate loans, including insured loans to such associations.

Status of Direct and Insured Association Loans

A total of $308,124,600 was obligated for insured loans to associations in 1972 from the authorization available for insured real estate loans. Of this amount, $299,999,000 was for water systems and waste disposal facilities recently transferred to the Rural Development Insurance Fund. Of the balance, $860,300 was obligated for loans to irrigation and drainage associations and $7,265,300 for loans to grazing associations. There was no obligation for loans to recreation associations.

The appropriation act of 1973 provided for real estate loans to be insured totaling $670,000,000, including $305,500,000 for association loans. However, $300,000,000 of the total was for loans for water systems and waste disposal facilities to be made from the Rural Development Insurance Fund. Of the balance, $1,000,000 is for loans to irrigation and drainage associations, $4,000,000 for loans to grazing associations and $500,000 for loans to recreation associations.

1. Applications: During 1972, 107 applications for new loans were received from associations involving irrigation and drainage, grazing and recreational activities. On June 30, 1972, there were 117 such applications on hand.

2. Number and amount of loans: The following table shows the number and amount of insured loans to associations made in fiscal year 1972 and estimates for fiscal year 1973. Loans for water systems and waste disposal facilities transferred to

the Rural Development Insurance Fund are excluded from this table, but are are shown under the Rural Development Insurance Fund.

	Fiscal Year 1972		Fiscal Year 1973 (Est.)	
	Number	Amount (thousands)	Number	Amount (thousands)
Loans to Associations				
Irrigation and drainage				
Initial	13	$572.8	14	$ 700.0
Subsequent	8	287.5	12	300.0
Subtotal	21	860.3	26	1,000.0
Grazing				
Initial	31	6,951.8	17	3,500.0
Subsequent	11	313.5	10	500.0
Subtotal	42	7,265.3	27	4,000.0
Recreation				
Initial	--	--	5	400.0
Subsequent	--	--	3	100.0
Subtotal	--	--	8	500.0
Total	63	8,125.6	61	5,500.0

3. Repayment on loans: Water facilities direct loans to associations have been converted to an annual amortized basis and all other association loans are on an amortized basis with annual payment due January 1. The following is the status of accounts for all association loans, including loans for water systems and waste disposal facilities.

Amortized Basis - Borrowers Owing Balances Only
(Exclues advances paid in full by borrowers currently indebted)

	Loan Advances	Cumulative Installments	Cumulative Regular Payments	Ratio Payments to Installments (Percent)	Extra Payments and Refunds
	(----------Dollars in millions----------)				
Water facilities loans to associations as of January 1, 1972	$3.8	$3.6	$3.5	99	*
Loans to associations as of January 1, 1972	1,101.5	217.3	207.9	96	$3.2

* Less than $0.1 million

4. Program summary: As of January 1, 1972, direct and insured loans had been made to 6,323 associations. A total of 181 associations were paid in full. Of the 6,142 owing balances, 2,341 associations were ahead of schedule, 801 were behind schedule and 3,000 were on schedule as of January 1, 1972. These figures are for all association loans, including loans for water systems and waste disposal facilities.

Indian Tribe Land Acquisition Loans

Public Law 91-229, approved April 11, 1970, authorized loans to any Indian tribe recognized by the Secretary of the Interior or tribal corporation established pur-

suant to the Indian Reorganization Act, which does not have adequate uncommitted funds, to acquire lands or interest in land within the tribe's reservation or Alaskan Indian community, as determined by the Secretary of the Interior, for use of the tribe or the corporation or the members thereof. In fiscal year 1972, two initial loans for $540,000 and 2 subsequent loans for $1,450,000 were made. It is estimated that about 50 loans for $10,000,000 will be made in fiscal year 1973, averaging about $200,000 each. A total of 11 applications for Indian tribe land acquisition loans were received during the 1972 fiscal year, and 5 were on hand June 30, 1972.

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Table I - Soil and Water Loans to Individuals and Groups: Number and Amount of Insured Loans, 1972 Fiscal Year and Cumulative from Inception, September 17, 1954 Through June 30, 1972 (Dollars in Thousands Except "Average" Amounts)

State and Territory	1972 Fiscal Year											Total amount to individuals and groups September 17, 1954 through June 30, 1972
	Loans to individuals					Loans to groups					Total amount to individuals and groups	
	Initial			Subsequent		Initial			Subsequent			
	Number	Amount	Average amount	Number	Amount	Number	Amount	Average amount	Number	Amount		
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	844	$4,340	$5,142	47	$233	675	$228,302	$338,225	614	$79,822	$312,697	$1,266,551
Alabama	76	161	2,126	2	8	19	4,448	234,089	17	1,904	6,521	27,861
Alaska	0	0	0	0	0	4	1,410	352,550	1	35	1,445	1,764
Arizona	5	144	28,900	1	46	2	1,225	612,300	4	208	1,623	12,470
Arkansas	84	321	3,819	9	24	26	8,951	344,265	22	3,067	12,363	39,005
California	0	0	0	0	0	18	5,851	325,056	6	416	6,267	12,486
Colorado	2	24	12,035	0	0	11	2,171	197,336	18	1,672	3,867	37,149
Connecticut	1	2	2,100	0	0	1	7	7,000	0	0	9	78
Delaware	1	2	2,000	0	0	0	0	0	0	0	2	295
Florida	4	31	7,775	1	14	11	7,666	696,909	16	2,557	10,268	37,156
Georgia	3	8	2,733	0	0	16	5,239	327,438	17	1,433	6,680	22,809
Hawaii	2	17	8,750	0	0	0	0	0	0	0	17	467
Idaho	19	219	11,543	0	0	11	3,241	294,645	7	230	3,690	30,436
Illinois	5	19	3,888	0	0	29	10,375	357,762	9	513	10,907	27,309
Indiana	3	9	3,067	0	0	14	6,947	496,207	16	3,027	9,983	43,448
Iowa	31	192	6,185	0	0	20	11,972	598,600	18	5,495	17,659	45,831
Kansas	5	58	11,556	1	10	18	7,170	398,306	20	1,432	8,670	33,049
Kentucky	81	168	2,068	1	1	8	1,750	218,725	6	500	2,419	34,809
Louisiana	25	81	3,230	1	1	34	6,055	178,103	15	919	7,056	29,188
Maine	16	44	2,747	1	5	8	2,430	303,812	6	1,160	3,639	7,472
Maryland	0	0	0	0	0	0	0	0	3	599	599	3,905
Massachusetts	0	0	0	1	2	3	970	323,333	0	0	972	1,212
Michigan	2	17	8,400	0	0	18	8,614	478,556	11	1,732	10,363	17,272
Minnesota	8	48	6,000	0	0	21	3,671	174,810	5	236	3,955	11,129
Mississippi	82	271	3,304	4	11	42	11,318	269,479	68	6,298	17,898	99,373
Missouri	57	273	4,785	5	18	23	5,313	231,013	27	2,754	8,358	41,597
Montana	7	56	7,943	0	0	8	585	73,125	6	320	961	17,148
Nebraska	14	256	18,284	1	10	9	2,722	302,444	1	82	3,070	14,466
Nevada	0	0	0	0	0	2	1,122	561,000	0	0	1,122	3,025
New Hampshire	0	0	0	0	0	4	611	152,750	1	10	621	2,928
New Jersey	3	22	7,333	2	7	0	0	0	1	571	600	5,692
New Mexico	2	16	8,275	2	13	10	736	73,600	2	176	941	11,100
New York	4	8	2,038	1	1	23	13,236	575,478	10	4,238	17,483	34,782
North Carolina	10	19	1,894	0	0	22	5,187	235,750	29	4,344	9,550	52,411
North Dakota	9	66	7,393	0	0	10	3,036	303,570	6	2,920	6,022	15,441
Ohio	4	18	4,418	0	0	17	16,086	946,235	13	3,330	19,434	59,460
Oklahoma	54	555	10,283	5	38	13	3,540	272,262	40	4,444	8,577	55,874
Oregon	7	49	6,950	0	0	12	1,041	86,972	12	584	1,674	16,473
Pennsylvania	4	11	2,700	0	0	17	10,964	644,941	16	925	11,900	28,271
Rhode Island	0	0	0	0	0	1	445	445,000	0	0	445	494
South Carolina	5	30	5,966	1	1	23	10,181	442,648	17	2,769	12,981	36,104
South Dakota	13	52	3,992	1	5	14	2,726	194,743	3	194	2,977	22,432
Tennessee	9	37	4,106	0	0	31	7,748	249,935	33	3,123	10,908	39,865
Texas	90	740	8,219	5	14	33	10,196	308,970	66	7,771	18,721	130,874
Utah	3	10	3,320	1	2	8	1,695	211,838	6	224	1,931	6,881
Vermont	3	11	3,733	0	0	5	2,099	419,700	2	394	2,504	3,324
Virginia	0	0	0	0	0	7	2,963	423,300	14	5,167	8,130	21,279
Washington	4	36	8,918	0	0	11	2,116	192,418	8	613	2,765	18,380
West Virginia	1	3	3,000	0	0	13	3,688	283,723	9	948	4,639	19,724
Wisconsin	68	185	2,720	1	2	13	6,666	512,769	4	254	7,107	19,431
Wyoming	5	23	4,508	0	0	6	1,035	172,550	0	0	1,058	9,832
Puerto Rico	13	28	2,127	0	0	5	282	56,440	3	234	544	2,488
Virgin Islands	0	0	0	0	0	1	802	802,000	0	0	802	802

Table II - Soil and Water: Direct and Insured Loans to Individuals - Number of Borrowers, Amount Loaned and Payments, Cumulative from September 17, 1954, Through January 1, 1972
(Dollars in Thousands)

State and Territory	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied				Borrowers with unpaid balance as of January 1, 1972					
			Number	Payments			Number	Scheduled installments (principal and interest)	Principal and interest payments			
				Total	Principal 1/	Interest and insurance charges 2/			Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	19,382	$94,497	12,127	$65,591	$54,837	$10,754	7,255	$15,117	$14,637	$13,822	91	$815
Direct	7,296	29,040	4,653	19,546	16,392	3,154	2,643	5,617	5,409	5,072	90	337
Insured	12,086	65,457	7,474	46,045	38,445	7,600	4,612	9,500	9,228	8,750	92	478
Alabama	510	1,169	210	574	492	82	300	208	226	210	101	16
Alaska	5	21	5	25	21	4	0	0	0	0	0	0
Arizona	247	3,487	176	2,708	2,144	564	71	587	511	498	85	13
Arkansas	1,404	5,491	795	3,777	3,219	558	609	705	764	715	101	49
California	543	3,504	457	3,360	2,814	546	86	403	436	393	97	43
Colorado	287	2,059	212	1,515	1,279	236	75	321	247	240	75	7
Connecticut	10	20	1	6	5	1	9	4	5	5	106	0
Delaware	8	50	4	27	22	5	4	9	9	9	100	0
Florida	512	2,978	425	2,876	2,400	476	87	308	304	294	95	10
Georgia	340	1,331	302	1,442	1,197	245	38	71	66	60	86	6
Hawaii	37	207	18	93	81	12	19	20	25	22	113	3
Idaho	573	4,165	348	2,637	2,163	474	225	667	632	608	91	24
Illinois	178	535	143	452	388	64	35	59	62	58	99	4
Indiana	142	394	77	228	195	33	65	66	65	62	95	3
Iowa	352	1,833	131	626	521	105	221	267	278	266	100	12
Kansas	442	3,570	349	3,268	2,616	652	93	396	363	341	86	22
Kentucky	544	948	196	386	336	50	348	180	188	178	99	10
Louisiana	403	2,097	242	1,119	941	178	161	641	526	497	78	29
Maine	114	260	38	66	57	9	76	69	69	66	96	3
Maryland	30	142	28	154	127	27	2	6	6	6	100	*
Massachusetts	75	262	33	101	89	12	42	108	116	110	102	6
Michigan	218	1,275	165	998	821	177	53	163	182	150	92	32
Minnesota	140	708	60	217	182	35	80	123	129	123	100	6
Mississippi	1,066	3,188	632	2,427	2,073	354	434	362	395	362	100	33
Missouri	919	3,186	429	1,465	1,249	216	490	359	359	341	95	18
Montana	355	1,760	239	1,213	1,024	189	116	366	371	349	95	22
Nebraska	964	7,259	689	5,036	4,152	884	275	989	989	959	97	30
Nevada	57	543	30	256	218	38	27	146	170	128	87	42
New Hampshire	3	6	1	1	1	*	2	2	2	2	100	0
New Jersey	141	556	92	418	356	62	49	128	81	76	59	5
New Mexico	509	3,145	385	2,542	2,157	385	124	470	460	436	93	24
New York	123	332	68	225	195	30	55	71	47	44	62	3
North Carolina	583	1,723	408	1,409	1,207	202	175	261	265	257	98	8
North Dakota	146	658	88	252	211	41	58	94	92	87	92	5
Ohio	63	254	41	172	142	30	22	23	25	24	106	1
Oklahoma	702	4,841	412	3,028	2,581	447	290	611	620	569	93	51
Oregon	431	1,928	312	1,382	1,134	248	119	454	368	361	79	7
Pennsylvania	83	152	55	110	95	15	28	21	22	22	102	*
Rhode Island	8	19	1	3	3	*	7	4	3	3	79	0
South Carolina	449	1,328	377	1,313	1,108	205	72	108	109	105	97	4
South Dakota	277	1,489	109	445	363	82	168	368	381	341	92	40
Tennessee	344	775	219	538	454	84	125	117	113	110	94	3
Texas	2,096	12,733	1,201	8,486	7,189	1,297	895	2,416	2,273	2,130	88	143
Utah	510	2,641	301	1,577	1,280	297	209	770	778	757	98	21
Vermont	18	47	1	4	3	1	17	12	14	13	112	1
Virginia	72	257	57	264	223	41	15	22	23	22	105	1
Washington	598	4,300	412	2,935	2,406	529	186	852	755	736	86	19
West Virginia	93	168	81	173	144	29	12	17	13	12	70	1
Wisconsin	544	1,667	215	673	570	103	329	303	301	279	92	22
Wyoming	155	912	101	536	458	78	54	156	152	148	95	4
Puerto Rico	955	2,114	752	2,041	1,721	320	203	234	247	238	102	9
Virgin Islands	4	10	4	12	10	2	0	0	0	0	0	0

1/ Includes principal write-offs in the amount of $21,311 and judgments in the amount of $5,185 on direct loans; and principal write-offs in the amount of $48,329 and judgments in the amount of $9,105 on insured loans.
2/ Does not include interest write-offs in the amount of $3,053 and judgments in the amount of $101 on direct loans; and interest write-offs in the amount of $3,996 and judgments in the amount of $1,080.

* Less than $500.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table III - Soil and Water: Direct and Insured Loans to Groups - Number of Groups, Amount Loaned and Payments, Cumulative from September 17, 1954, Through January 1, 1972
(Dollars in Thousands)

State and Territory	Total number of groups	Total amount loaned	Groups paid in full 1/				Groups with unpaid balance as of January 1, 1972					
			Number	Payments			Number	Scheduled installments (principal and interest)	Principal and interest payments			
				Total	Principal	Interest and insurance charges			Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	6,323 2/	$1,109,590	260 3/	$11,107	$8,098	$3,009	6,142 2/	$217,255	$211,059	$207,888	96	$3,171
Direct	2,460	382,510	177	2,950	2,439	511	2,283	67,889	67,811	66,758	98	1,053
Insured	4,174	727,080	83	8,157	5,659	2,498	4,091	149,366	143,248	141,130	94	2,118
Alabama	171	29,594	2	30	27	3	169	4,291	4,395	4,374	102	21
Alaska	5	1,535	0	0	0	0	5	127	128	128	101	0
Arizona	42	8,254	9	1,765	1,585	180	36	1,405	1,276	1,240	88	36
Arkansas	236	31,384	8	161	132	29	228	4,896	5,049	4,920	100	129
California	72	10,524	3	170	142	28	69	1,723	1,675	1,644	95	31
Colorado	175	39,500	16	1,937	977	960	162	12,000	11,808	11,429	95	379
Connecticut	2	452	0	0	0	0	2	60	60	60	100	0
Delaware	1	250	0	0	0	0	1	78	68	68	87	0
Florida	101	26,061	6	102	49	53	99	5,099	4,708	4,679	92	29
Georgia	158	21,782	2	150	128	22	156	3,649	3,823	3,768	103	55
Hawaii	1	352	1	19	17	2	1	59	59	59	100	0
Idaho	194	24,741	22	508	347	161	175	4,897	4,586	4,503	92	83
Illinois	136	25,231	0	0	0	0	136	4,234	4,061	4,061	96	0
Indiana	132	41,290	1	1	1	*	131	8,092	8,018	7,965	98	53
Iowa	211	23,730	10	195	152	43	209	4,464	4,411	4,387	98	24
Kansas	192	27,474	5	415	272	143	188	6,959	7,436	7,144	103	292
Kentucky	133	41,740	1	349	242	107	132	7,333	6,914	6,897	94	17
Louisiana	184	25,409	2	49	45	4	182	3,939	3,990	3,946	100	44
Maine	30	4,210	0	0	0	0	30	785	449	447	57	2
Maryland	28	5,352	0	0	0	0	28	576	534	528	92	6
Massachusetts	1	822	0	0	0	0	1	129	129	129	100	0
Michigan	30	10,073	0	0	0	0	30	1,310	1,307	1,306	100	1
Minnesota	79	8,698	4	43	37	6	75	1,527	1,448	1,417	93	31
Mississippi	584	93,028	44	1,151	792	359	565	19,277	18,635	18,282	95	353
Missouri	242	48,510	1	5	4	1	242	9,063	8,327	8,232	91	95
Montana	102	17,676	4	570	493	77	99	5,185	5,275	5,161	100	114
Nebraska	65	7,217	0	20	3	17	65	1,557	1,418	1,392	89	26
Nevada	19	2,538	2	61	53	8	17	732	744	729	100	15
New Hampshire	6	1,735	1	12	10	2	6	261	261	261	100	0
New Jersey	29	10,796	2	23	17	6	27	1,592	1,614	1,614	101	*
New Mexico	90	8,582	6	244	157	87	85	1,798	1,877	1,790	100	87
New York	76	20,204	1	16	15	1	75	3,622	3,113	3,109	86	4
North Carolina	180	41,872	10	122	69	53	176	9,143	8,802	8,736	96	66
North Dakota	101	10,293	9	248	218	30	93	1,541	1,615	1,589	103	26
Ohio	56	31,105	1	22	20	2	55	3,368	2,851	2,850	85	1
Oklahoma	314	57,702	15	137	130	7	308	8,645	8,300	8,200	95	100
Oregon	134	18,593	13	266	223	43	123	4,011	3,467	3,437	86	30
Pennsylvania	94	25,290	0	0	0	0	94	3,260	3,177	3,151	97	26
South Carolina	133	23,890	3	391	292	99	130	3,802	3,751	3,729	98	22
South Dakota	195	21,279	1	58	17	41	194	5,211	4,875	4,776	92	99
Tennessee	170	42,619	2	404	315	89	168	8,074	7,580	7,514	93	66
Texas	769	129,525	5	269	210	59	765	30,951	30,870	30,496	99	374
Utah	75	5,955	8	140	119	21	67	1,416	1,478	1,445	102	33
Vermont	15	2,465	0	0	0	0	15	497	472	471	95	1
Virginia	63	15,373	0	0	0	0	63	2,159	1,839	1,829	85	10
Washington	159	16,225	19	435	370	65	142	4,050	4,064	3,895	96	169
West Virginia	124	22,505	4	281	131	150	122	4,456	4,505	4,411	99	94
Wisconsin	93	14,139	1	76	70	6	93	2,228	2,057	2,057	92	*
Wyoming	83	10,458	10	248	204	44	74	3,487	3,531	3,406	98	125
Puerto Rico	38	1,558	6	14	13	1	34	237	229	227	96	2

1/ Numbers represent groups with all indebtedness paid in full. In addition to groups which have paid all indebtedness, amounts include some advances paid in full by groups which are still indebted. This accounts for amounts with no numbers. Column 5 includes principal write-offs of $15,334 and column 6 includes interest write-offs of $57,357.

2/ Associations which received both direct and insured loans are reported as one in the figure and by state. Such associations are included in the direct number and insured number shown below the U.S. Total line.

3/ Associations which have paid direct and insured loans are included in the figure for both types.

* Less than $500.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table IV - Water Facilities Loans to Individuals Made From 1938 Through September 17, 1954, and Maturities and Collections Through June 30, 1972
(Dollars in Thousands)

State	Cumulative loan obligations 1/	Cumulative loan advances 1/	Matured principal	COLLECTIONS			PRINCIPAL		Outstanding principal balance on loan advances	Ratio of principal repayments to matured principal
				Principal repayments	Interest payments	Total	Write-offs	Judgments		
	1	2	3	4	5	6	7	8	9	10
U. S. Total	$29,695	$29,794	$29,745	$29,537	$4,148	$33,685	$102	$51	$104	99.3%
Arizona	1,807	1,801	1,792	1,784	315	2,099	*	1	16	99.6
Arkansas	1	2	2	2	*	2	0	0	0	100.0
California	2,670	2,682	2,679	2,658	385	3,043	16	*	8	99.2
Colorado	1,824	1,813	1,812	1,797	256	2,053	2	12	2	99.2
Idaho	1,944	1,956	1,949	1,944	275	2,219	*	4	8	99.7
Kansas	1,224	1,227	1,227	1,219	185	1,404	4	0	4	99.3
Missouri	53	57	56	53	10	63	3	0	1	94.6
Montana	1,847	1,853	1,851	1,833	267	2,100	5	11	4	99.0
Nebraska	2,194	2,204	2,204	2,198	277	2,475	6	0	0	99.7
Nevada	157	161	161	160	23	183	0	0	1	99.4
New Mexico	1,519	1,528	1,520	1,487	221	1,708	16	0	25	97.8
New York	4	5	5	5	1	6	0	0	0	100.0
North Dakota	457	455	455	454	53	507	1	*	0	99.8
Oklahoma	2,542	2,553	2,552	2,542	356	2,898	7	1	3	99.6
Oregon	1,492	1,501	1,496	1,468	195	1,663	13	11	9	98.1
South Dakota	535	532	532	529	78	607	3	*	0	99.4
Texas	4,259	4,280	4,280	4,263	450	4,713	15	1	1	99.6
Utah	1,514	1,528	1,522	1,513	283	1,796	3	*	12	99.4
Washington	2,506	2,528	2,523	2,504	365	2,869	6	10	8	99.2
Wyoming	1,146	1,128	1,127	1,124	153	1,277	2	*	2	99.7

1/ Amounts reflected are cumulative obligations from inception of the program, including $2,292,858 obligated from "Loans, Grants and Rural Rehabilitation" funds. Loan advances represent charges to the borrowers' accounts. The difference between obligations and advances represents non-cash advances and transfers of accounts between States for collection purposes.

* Less than $500.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table V - Water Facilities Loans to Groups: Number of Groups, Amount Loaned from 1938 Through September 17, 1954, Installments Due and Payments, Cumulative Through January 1, 1972
(Dollars in Thousands)

State	Total number of groups	Total amount loaned	Groups paid in full 1/				Groups with unpaid balance as of January 1, 1972					
				Payments					Principal and interest payments			
			Number	Total	Principal 2/	Interest 3/	Number	Scheduled installments (principal and interest)	Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	260	$7,410	168	$4,696	$3,641	$1,055	92	$3,570	$3,574	$3,529	99	$45
Arizona	9	319	6	249	192	57	3	148	159	159	108	0
California	6	272	5	218	172	46	1	115	124	124	108	0
Colorado	36	901	30	740	578	162	6	350	198	198	56	0
Idaho	36	883	27	679	533	146	9	319	336	329	103	7
Kansas	2	37	0	0	0	0	2	34	41	41	119	0
Montana	16	476	12	346	270	76	4	210	226	225	107	1
Nevada	9	388	6	213	170	43	3	205	220	213	104	7
New Mexico	17	413	12	208	183	25	5	225	229	228	102	1
North Dakota	1	15	1	16	15	1	0	0	0	0	0	0
Oregon	15	507	9	252	178	74	6	284	284	284	100	0
Utah	44	1,264	20	605	459	146	24	693	734	720	104	14
Washington	62	1,689	34	937	726	211	28	969	1,000	985	102	15
Wyoming	7	246	6	233	165	68	1	18	23	23	125	0

1/ Numbers represent groups with all indebtedness paid in full. In addition to groups which have paid all indebtedness, amounts include some advances paid in full by groups which are still indebted.
2/ Includes principal write-offs of $59,200.
3/ Includes interest write-offs of $9,319.

Operating Loans

Subtitle B of the Consolidated Farm and Rural Development Act contains the authorization for insured operating loans. Operating loans made by the Farmers Home Administration are accompanied by supervisory assistance in farm and financial management. Operating credit is needed by family farmers throughout the United States who are unable to obtain credit from private and cooperative sources to develop a reasonable standard of living. The use of operating loan funds for this purpose helps to provide parity of opportunity to all rural people and to encourage farm families to remain in rural areas. The Consolidated Farm and Rural Development Act authorized operating loans to be made on an insured basis.

Loans are made to assist (1) full-time farm operators to continue to carry on and improve their farm and home operations, (2) part-time farm operators to convert their farming operations to full-time and to improve their income and level of living while continuing to live in rural areas, (3) young farmers who lack the necessary credit to acquire the resources needed for success, (4) farmers who are handicapped because of age, physical handicaps or limited eduction or potential, to enable them to continue as self-supporting citizens, and (5) rural youths.

1. Eligibility: Operating loans are made to farmers and ranchers who (1) are citizens of the United States, (2) have a farm background, except with respect to rural youths and to veterans a farm background is not required as a condition to obtaining a loan, and either training or farm experience and any other training or experience which is determined to be sufficient to assure reasonable prospects of success in the proposed operation, (3) are or will become operators of not larger than family farms, except for rural youths, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

2. Size of loan: In no case may an operating loan be made which would result in a total principal loan balance outstanding in excess of $50,000. The amount of each operating loan will be limited to the needs of the applicant and his ability to pay with due consideration given to the proposed farming program and the value of the chattel property, including crops, which will be available as security.

3. Terms of loan: Operating loans may be scheduled for payment over periods from one to seven years depending on loan purposes. In some situations, they may be renewed for not more than 5 additional years. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations with a similar maturity period. The rate for the 1973 fiscal year is 5-7/8 percent.

4. Loan purposes: Operating loans may be made for (1) paying costs incident to reorganizing a farming system for more profitable operations, (2) purchasing livestock, poultry and farm equipment, (3) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential operating expenses, including cash rent and costs incident to the production and harvesting of forestry products, (4) financing land and water development, use, and conservation, (5) developing recreational and other nonfarm enterprises, (6) refinancing existing indebtedness, (7) complying with certain safety standards, (8) financing other farm and home needs including but not limited to family subsistence, (9) operating enterprises by rural youths in connection with their participation in 4-H clubs, Future Farmers of America and other similar organizations, and (10) paying for loan closing costs.

5. Supplementing operating loans with other credit: Regulations provide that other reliable agricultural credit sources will be requested and encouraged to furnish as much as possible of the credit needs of each eligible applicant with the balance being supplied by an operating loan from the Farmers Home Administration.

6. Security: Operating loans are secured by crop and chattel liens and, when necessary, by real estate mortgages.

7. Veterans' preference: Applications of veterans are given preference over similar applications of nonveterans on file in any county or area office at the same time.

8. Impact of loans: The impact of operating loans on local businesses and suppliers is significant. A large percentage of operating loan funds is used for such things as purchase of feed, seed, fertilizer, fuel and other farm supplies; for farm machinery, livestock and family subsistence needs. This stimulates business in small communities and expands employment opportunities in rural areas as contrasted to purchases made by large scale commercial farmers which usually are made from big business concerns in urban areas. In addition to the significant and direct effect of the loan funds on the economy, the input of materials, supplies and equipment purchased, along with the farm families' added labor, enables these families to increase their income substantially. The combined effect of input of loan funds and increased incomes is especially vital to rural areas in which substantial development and revitalization must be accomplished if such areas are to become "positive agents" in the growing economy of the Nation.

Status of operating loans.

The Appropriation Act of 1972 provided authority to use $350,000,000 from funds available in the Farmers Home Administration direct loan account for operating loans. A total of $337,285,818 was obligated for operating loans in 1972, including $119,568 for loan cost items.

The Appropriation Act for 1973 provided authority for a $350,000,000 level for operating loans. It is anticipated that this amount will be used in 1973, primarily on an insured basis.

1. Use of operating loan funds: The major portion of the operating loan funds in 1972 was used to assist farmers in making basic adjustments in their farming operations. An analysis of initial and subsequent operating loans indicates that 27.1 percent of the funds were used for purchase of livestock, 19.4 percent for purchase of machinery and equipment, 21.5 percent for refinancing existing debts secured by livestock and equipment and unsecured debts, and 28.5 percent for current farm operating expenses. The other 3.5 percent was used for real estate improvements, family living expenses and other minor expense items. Funds used for refinancing existing indebtedness amounted to 21.5 percent, an increase of 3.3 percent from the comparable portion so used in 1971.

The average size of loans continues to rise each year. This is due principally to increased cost of farming, including the fact that much larger investments are needed in livestock and equipment than in earlier years. Initial operating loans averaged $10,885 in 1972 compared to $9,204 in 1971 and $3,035 in 1956. The size of subsequent loans has increased 346 percent since 1956. Subsequent loans averaged $5,734 in 1972, compared to $5,236 in 1971 and $1,285 in 1956.

Operating loans are made to farmers conducting farming and other operations which are not larger than the equivalent of a family farm. A family farm is defined as one for which the operator and his immediate family provide the management and a major portion of the required labor. Operating loans are made for the following purposes:

(a) Loans are made to help established full-time farm families who because of the lack of available conventional credit and, in many areas, the need for restructuring their present obligations require financial assistance in order to continue their farming operations. Operating loans are used for assisting farm families to make further adjustments in their operations to keep up with the changes in agriculture, to meet changes in market requirements, and to pay necessary operating expenses until the year's income is obtained.

(b) Loans are used to assist part-time farm families who need credit and guidance to carry on successful farming operations and to develop income from nonfarm enterprises which, with their off-farm income, will provide an adequate level of living. Loan funds assist such families to make needed changes in their enterprises and land use, to modernize their equipment, to provide necessary operating expenses until income is obtained from the operation, and to adjust, consolidate and extend their indebtedness so that it can be paid from income.

(c) Loans provide needed financial and management assistance to young farm families who lack the necessary resources to obtain assistance from conventional credit sources to enable them to become soundly established in farming. This credit provides an opportunity for these families to remain in rural areas and provides added support to the economic and social institutions of rural areas which is essential to further development of such areas and maintaining a desirable portion of the population there.

(d) Loans assist farmers who because of age, physical handicap, or limited education are unable to transfer to nonfarm occupations and who need credit and guidance to obtain a living from their farms. Operating loans of modest size are used to help some of the families improve their standards of living through increasing their incomes and producing more of their subsistence needs. Such loans enable many of the families to be self-supporting and prevent them from having to resort to welfare programs to meet their subsistence.

(e) Loans are made to youths who are rural residents to enable them to operate enterprises in connection with their participation in 4-H Clubs, Future Farmers of America, and similar organizations.

2. Applications: A total of 30,721 applications for initial operating loans were received in 1972. At the end of the year, 5,993 applications were on hand.

3. Number and amount of loans: The following tabulation shows the number and amount of initial and subsequent farm operating loans for fiscal year 1972 and estimates for 1973:

	F. Y. 1972		F. Y. 1973 (Est.)	
	Number	Amount (millions)	Number	Amount (millions)
FARM OPERATING LOANS:				
Total, Initial loans	16,649	$181.2	16,737	$197.5
Total, Subsequent loans ...	27,196	156.1	25,000	152.5
TOTAL LOANS	43,845	337.3	41,737	350.0

4. 1973 Program: It is expected that the average size of an initial operating loan, which has been rising continually in recent years, will again rise in 1973. This is a direct result of the continuing increase in capital required for productive resources and operating costs to carry on successful farming.

5. Collections: A summary of the current and cumulative activity on operating loans and comparable type operating loans made by the Farm Security Administration, the Emergency Crop and Feed Loan Division of the Farm Credit Administration and the Farmers Home Administration is contained in items "A" and "B" below.

A. The following is a resume of the loan advances and repayments during the last six years:

Fiscal Year	Loan Advances	Principal Repayments	Interest Payments	Total Payments
	(----------Dollars in Millions---------)			
1967	$298.7	$265.6	$30.7	$296.3
1968	276.5	261.1	30.7	291.8
1969	275.0	268.4	32.3	300.7
1970	274.5	264.2	26.8	291.0
1971	273.7	277.3	41.3	318.6
1972	326.2	277.5	41.8	319.3

B. Cumulative loan advances, collections, and repayment status of loans follows:

	Loan Advances	Collections			Ratio of Collections	
		Principal	Interest	Total	Principal to Maturities	Total to Advances
	(-----Dollars in Millions----------)				(------Percent----)	
Rural Rehabilitation Loans (1935-Oct., 1946).....	$1,004.9	$891.6	$126.2	$1,017.8	88.7	101.3
Emergency Crop and Feed Loans (1918-Oct., 1946).....	575.9	478.8	62.5	541.3	83.1	94.0
Operating and Production and Subsistence Loans (Nov. 1946-June 30, 1972).....	5,158.0	4,316.7	474.9	4,791.6	96.2	92.9

6. Progress of borrowers: The need and demand for increased amounts of credit by individual farm operators each year is evidenced by the growing size of their operations and the increased size of operating loans made by the Farmers Home Administration. Greater mechanization, more advanced technology and increased costs of equipment, supplies and services have resulted in family farm operators significantly expanding the size of their operations. The progress of the average operating loan borrower is primarily the result of an increase in his resources and of management guidance in improved farm and financial practices, resulting in greater income.

The borrowers used to obtain the information below had active loans on July 1, 1971, and were selected on an approved sampling plan. The data represents all types of borrowers with varying degrees of progress, varieties of enterprises, education levels, adequacy of farms, and lengths of time indebted to the Farmers Home Administration, etc. Those successful farmers who were able to pay their loans in full and graduate to other sources of credit are not included in this report. These averages are from the farm records of borrowers who received operating loans and have completed one or more crop years.

	Base Year 1/	1971 Crop Year	Percent Increase
Total acres	294	368	25.2
Crop acres	153	193	26.1
Gross cash income	$12,670	$20,640	62.9
Cash farm operating expenses	6,540	11,690	78.7
Gross cash income less operating expenses	6,130	8,950	46.0
Gross cash income less operating and family living expenses	3,340	5,170	54.8
Net worth	12,460	20,870	67.5

1/ The measuring period was restricted to the most recent five-year period. For those borrowers who received their loans in 1966 or in prior years, the "Base Year" information was taken from the 1966 crop year. Thus, the full progress made by borrowers with loans older than five years (61.5% of those sampled) is not shown in this report.

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Table I - Total Operating Loans to Individuals, 1972 Fiscal Year and Operating and Production and Subsistence Loans, Cumulative from Inception, November 1, 1946 Through June 30, 1972 1/
(Dollars in Thousands Except "Average" Amounts)

State and Territory	1972 fiscal year								Cumulative - November 1, 1946 through June 30, 1972	
	Initial loans			Subsequent loans 2/			Total loans			
	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Number	Amount
	1	2	3	4	5	6	7	8	9	10
U.S. TOTAL	16,649	$181,229	$10,885	27,196	$156,057	$5,734	43,845	$337,286	1,904,223	$5,171,414
Alabama	657	3,179	4,838	951	4,404	4,631	1,608	7,583	98,559	136,867
Alaska	1	3	3,200	2	7	3,250	3	10	603	2,394
Arizona	74	951	12,855	68	691	10,149	142	1,642	3,770	18,920
Arkansas	825	4,994	6,054	884	4,499	5,089	1,709	9,493	83,984	178,678
California	99	1,459	14,741	225	2,181	9,689	324	3,640	13,771	65,068
Colorado	104	1,454	13,984	357	3,031	8,489	461	4,485	26,018	98,826
Connecticut	13	231	17,808	48	310	6,455	61	541	1,509	7,361
Delaware	16	139	8,731	27	209	7,722	43	348	1,039	3,336
Florida	215	1,616	7,518	297	1,652	5,553	512	3,268	27,062	55,864
Georgia	470	4,817	10,250	880	7,265	8,256	1,350	12,082	83,456	197,079
Hawaii	22	139	6,284	19	118	6,224	41	257	2,378	6,295
Idaho	337	6,011	17,835	762	5,848	7,674	1,099	11,859	37,535	159,043
Illinois	379	5,441	14,356	1,017	6,541	6,428	1,396	11,982	44,049	179,809
Indiana	190	3,044	16,023	392	3,351	8,546	582	6,395	22,760	94,532
Iowa	515	9,567	18,577	869	4,483	5,158	1,384	14,050	46,474	189,731
Kansas	309	3,790	12,266	344	1,978	5,750	653	5,768	31,263	96,672
Kentucky	732	3,834	5,238	710	2,492	3,510	1,442	6,326	55,649	84,549
Louisiana	465	4,500	9,678	717	5,680	7,922	1,182	10,180	67,984	158,711
Maine	202	2,052	10,156	977	6,397	6,535	1,179	8,449	32,644	122,710
Maryland	59	564	9,563	146	751	5,144	205	1,315	10,999	23,345
Massachusetts	10	101	10,095	41	241	5,891	51	342	1,864	6,578
Michigan	224	5,093	22,735	351	2,323	6,609	575	7,416	25,778	97,215
Minnesota	507	7,848	15,479	908	4,623	5,091	1,415	12,471	39,714	153,247
Mississippi	1,139	7,618	6,688	1,087	5,198	4,782	2,226	12,816	112,153	170,612
Missouri	494	5,710	11,559	752	4,080	5,426	1,246	9,790	59,497	170,410
Montana	144	2,811	19,520	538	3,493	6,492	682	6,304	28,525	124,957
Nebraska	223	3,550	15,919	927	5,231	5,643	1,150	8,781	36,200	135,270
Nevada	26	396	15,232	51	431	7,657	77	827	1,835	12,833
New Hampshire	16	212	13,220	90	384	4,268	106	596	2,658	8,618
New Jersey	49	721	14,713	115	744	6,464	164	1,465	9,245	30,327
New Mexico	154	1,467	9,523	213	1,459	6,849	367	2,926	16,900	56,340
New York	245	5,299	21,631	746	3,483	4,663	991	8,782	28,915	119,014
North Carolina	1,537	7,188	4,676	1,779	7,059	3,967	3,316	14,247	130,997	232,097
North Dakota	533	9,159	17,184	943	5,587	5,924	1,476	14,746	43,400	159,045
Ohio	139	2,265	16,297	219	1,508	6,879	358	3,773	14,843	53,696
Oklahoma	740	9,034	12,208	887	5,052	5,695	1,627	14,086	78,724	181,746
Oregon	102	1,909	18,713	198	1,550	7,807	300	3,459	14,979	59,171
Pennsylvania	128	2,762	21,579	268	1,626	6,066	396	4,388	20,889	71,480
Rhode Island	1	2	2,420	9	43	4,750	10	45	327	1,055
South Carolina	707	3,176	4,493	615	3,033	4,931	1,322	6,209	99,317	97,824
South Dakota	449	9,092	20,249	1,110	6,046	5,447	1,559	15,138	45,638	175,926
Tennessee	359	2,149	5,986	719	3,238	4,504	1,078	5,387	55,120	89,967
Texas	1,304	15,519	11,901	1,810	11,518	6,363	3,114	27,037	150,067	520,268
Utah	106	1,371	12,931	350	1,997	5,705	456	3,368	15,982	61,451
Vermont	81	1,450	17,899	342	1,584	4,632	423	3,034	5,317	25,444
Virginia	283	1,611	5,693	366	1,401	3,829	649	3,012	28,764	48,742
Washington	220	3,711	16,867	397	3,444	8,578	617	7,155	23,577	122,607
West Virginia	298	1,418	4,758	408	1,423	3,487	706	2,841	18,649	37,209
Wisconsin	420	9,145	21,774	749	3,734	4,986	1,169	12,879	36,869	140,556
Wyoming	65	1,295	19,920	339	2,252	6,644	404	3,547	19,134	76,794
Puerto Rico	262	362	1,382	177	384	2,168	439	746	46,246	50,596
Virgin Islands	0	0	0	0	0	0	0	0	594	529

1/ Does not include loans from State Rural Rehabilitation Corporation funds.
2/ Subsequent loan amounts include recoverable and non-recoverable loan costs such as advances for taxes and insurance, and filing fees. The average amounts exclude loan costs.

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Table II - Operating and Production and Subsistence Loans, Maturities and Collections, Cumulative From November 1, 1946 Through June 30, 1972
(Dollars in Thousands)

State and Territory	Cumulative loan obligations	Cumulative advances 1/	Matured principal	Collections			Principal		Unpaid principal balance	Ratio of principal repayments to matured principal
				Principal repayments	Interest payments	Total	Write-offs	Judgments		
	1	2	3	4	5	6	7	8	9	10
U.S. TOTAL	$5,171,414	$5,141,755	$4,488,819	$4,316,677	$474,907	$4,791,584	$80,762	$6,860	$737,456	96.2%
Alabama	136,867	136,004	124,181	121,140	8,433	129,573	2,338	110	12,416	97.6
Alaska	2,394	2,589	2,554	2,115	356	2,471	160	2	312	82.8
Arizona	18,920	19,488	16,905	15,211	1,410	16,621	583	21	3,673	90.0
Arkansas	178,678	176,429	161,172	156,747	13,045	169,792	2,847	244	16,591	97.3
California	65,068	69,388	64,707	59,104	6,114	65,218	2,878	86	7,320	91.3
Colorado	98,826	98,167	90,095	84,914	9,284	94,198	2,962	156	10,135	94.2
Connecticut	7,361	7,505	6,178	5,877	760	6,637	200	9	1,419	95.1
Delaware	3,336	3,347	2,852	2,512	334	2,846	52	8	775	88.1
Florida	55,864	56,764	52,885	49,556	4,041	53,597	1,881	187	5,140	93.7
Georgia	197,079	196,191	179,900	174,654	11,580	186,234	3,027	186	18,324	97.1
Hawaii	6,295	6,245	5,859	5,520	717	6,237	87	*	638	94.2
Idaho	159,043	157,279	135,616	130,825	15,798	146,623	1,825	125	24,504	96.5
Illinois	179,809	179,703	155,526	150,651	17,117	167,768	1,676	45	27,331	96.9
Indiana	94,532	94,492	82,355	79,427	9,161	88,588	879	90	14,096	96.4
Iowa	189,731	188,134	150,854	149,262	21,828	171,090	886	73	37,913	98.9
Kansas	96,672	96,569	84,625	81,393	9,956	91,349	1,166	121	13,889	96.2
Kentucky	84,549	83,407	70,594	69,534	8,578	78,112	705	31	13,137	98.5
Louisiana	158,711	157,996	142,977	137,424	11,306	148,730	2,935	346	17,291	96.1
Maine	122,710	120,703	104,095	92,813	9,602	102,415	1,936	57	25,897	89.2
Maryland	23,345	23,477	20,846	20,105	2,714	22,819	314	18	3,040	96.4
Massachusetts	6,578	6,705	5,479	5,257	700	5,957	103	14	1,331	95.9
Michigan	97,215	96,591	80,307	76,967	11,695	88,662	1,764	114	17,746	95.8
Minnesota	153,247	153,278	126,005	122,214	17,272	139,486	1,660	132	29,272	97.0
Mississippi	170,612	168,683	147,171	141,897	14,199	156,096	3,982	415	22,389	96.4
Missouri	170,410	169,679	148,354	144,331	15,079	159,410	1,190	75	24,083	97.3
Montana	124,957	124,464	110,671	105,813	12,805	118,618	1,580	223	16,848	95.6
Nebraska	135,270	134,622	116,280	113,218	13,164	126,382	1,064	149	20,191	97.4
Nevada	12,833	12,593	10,967	9,896	1,173	11,069	215	30	2,452	90.2
New Hampshire	8,618	8,456	6,849	6,637	1,066	7,703	146	13	1,660	96.9
New Jersey	30,327	29,587	26,857	24,926	3,322	28,248	650	97	3,914	92.8
New Mexico	56,340	55,116	50,102	46,750	4,587	51,337	1,984	65	6,317	93.3
New York	119,014	118,093	95,072	90,130	14,588	104,718	1,932	231	25,800	94.8
North Carolina	232,097	230,809	212,429	209,224	13,647	222,871	2,432	185	18,968	98.5
North Dakota	159,045	155,223	124,547	119,338	18,544	137,882	1,353	688	33,844	95.8
Ohio	53,696	54,055	45,667	43,679	6,221	49,900	823	85	9,468	95.6
Oklahoma	181,746	177,667	158,659	152,869	17,226	170,095	1,979	314	22,505	96.4
Oregon	59,171	59,618	53,538	51,309	5,303	56,612	965	90	7,254	95.8
Pennsylvania	71,480	70,741	58,467	56,829	9,825	66,654	998	243	12,671	97.2
Rhode Island	1,055	1,055	889	819	94	913	35	7	194	92.1
South Carolina	97,824	97,482	89,125	86,316	5,587	91,903	1,785	119	9,262	96.8
South Dakota	175,926	173,154	135,020	130,291	21,801	152,092	1,814	154	40,895	96.5
Tennessee	89,967	89,577	79,582	76,234	7,718	83,952	1,523	50	11,770	95.8
Texas	520,268	520,178	476,368	450,922	39,632	490,554	15,126	831	53,299	94.7
Utah	61,451	61,246	52,633	51,521	6,814	58,335	262	105	9,358	97.9
Vermont	25,444	25,017	15,382	16,147	2,943	19,090	153	*	8,717	105.0
Virginia	48,742	48,649	43,403	41,573	4,426	45,999	597	24	6,455	95.8
Washington	122,607	123,544	111,062	105,401	10,693	116,094	1,967	188	15,988	94.9
West Virginia	37,209	36,320	28,867	28,261	4,777	33,038	305	30	7,724	97.9
Wisconsin	140,556	138,564	105,731	103,329	17,481	120,810	1,829	74	33,332	97.7
Wyoming	76,794	76,178	68,906	66,413	6,933	73,346	987	116	8,662	96.4
Puerto Rico	50,596	50,402	49,122	48,856	3,412	52,268	216	84	1,246	99.5
Virgin Islands	529	532	532	526	46	572	6	0	0	98.9

1/ Cumulative advances by state include the face amount of individual notes owed by borrowers transferring from one state to another while still indebted.

* Less than $500.

Emergency Loans

Subtitle C of the Consolidated Farm and Rural Development Act contains the authorization for insured emergency loans. Emergency loans are made in designated areas where a natural disaster has caused a general need for agricultural credit. These loans, formerly made as direct loans from the Emergency Credit Revolving Fund, are now made from the Agricultural Credit Insurance Fund for sale to private lenders on an insured basis pursuant to Public Law 92-173, approved November 24, 1971. The former statutory emergency loan requirement of inability to obtain credit elsewhere was suspended by Public Law 91-606, approved December 31, 1970, for loans made before the end of the first full operating year following the disaster. Thereafter, however, applicants must be unable to obtain credit elsewhere in order to qualify for additional emergency loans based on the same disaster.

Emergency loans are made to eligible established farmers, ranchers or oyster planters and to private domestic corporations or partnerships engaged primarily in farming, ranching, or oyster planting. Emergency loans are made primarily for financing farm operating needs, family living expenses, and a number of closely related purposes. Loans bear interest at 1 percent, 3 percent, or at a rate determined monthly not in excess of 6 percent, depending on when the disaster occurred. Loans are repayable over periods not longer than regular loans made by the Farmers Home Administration for similar purposes. Loans are secured in a manner that reasonably protects the Government's interest.

Public Law 91-606,authorized loans in areas where the President has declared a major disaster, with special provisions for refinancing real estate debts under restricted conditions, for cancellation of a portion of principal up to $2,500, and for deferment of interest and principal payments up to three years on loans for other than operating expenses.

Public Law 92-385, approved August 15, 1972, authorized special conditions for emergency loans made in connection with disasters occurring between June 30, 1971, and July 1, 1973. Such loans may bear a lower interest rate, be eligible for deferred payments, and for cancellation of principal up to $5,000 under certain circumstances.

Collections: The following is a resume of cumulative loan advances and repayments:

Cumulative Activity Under
Various Loan Authorizations to June 30, 1972
(Dollars in Millions)

Type of Direct Loan	Principal				Interest Payments	Percent Principal Repayment to Maturities
	Advances	Maturities	Repayments	Outstanding		
Emergency	$1,439.9	$1,407.2	$1,324.4	$62.3	$40.3	94.1
Fur	5.7	5.7	5.4	-0-	.4	96.0
Special livestock..	91.4	91.4	87.7	1.1	7.0	96.0

In addition to the programs listed above, the Farmers Home Administration is servicing the loans receivable of the Regional Agricultural Credit Corporation outstanding at the time this Corporation was abolished in 1949. A total of $269,073 in principal and interest had been collected on these loans through June 30, 1972, principal write-offs totaled $1,034,189 and $53,322 principal had been reduced to judgment. The unpaid principal balance on these loans had been reduced to $10,618 as of the same date.

Loan obligations: Direct emergency loans obligated from the Emergency Credit Revolving Fund from fiscal years 1967 through 1972 and emergency loans obligated from the Agricultural Credit Insurance Fund in 1972 and estimated for 1973 are shown below:

Fiscal Year	Initial		Subsequent		Total	
	Number	Amount	Number	Amount	Number	Amount
	(----------Dollars in Thousands----------					)
1967 (direct)	15,760	$66,380	6,433	$28,235	22,193	$94,615
1968	16,054	77,150	6,090	30,492	22,144	107,642
1969	13,496	75,369	7,176	39,287	20,672	114,656
1970	7,808	56,371	4,979	33,116	12,787	89,487
1971	16,025	101,216	3,779	26,419	19,804	127,636
(1972	2,750	22,338	1,127	7,166	3,877	29,504
(1972 (insured)	6,966	61,082	2,136	18,325	9,102	79,408
1973 (insured)	53,500	320,000	3,300	30,000	56,800	350,000

Principal cancellations: Principal cancellations under Public Laws 91-606 and 92-385 totaled $7,432,674 in fiscal year 1972 and are estimated at $245 million in 1973.

Table I - Statement of Funds Available, and Obligations Cumulative from Inception of Funds on April 6, 1949 to June 30, 1971, Fiscal Year 1972 and Estimate for Fiscal Year 1973

	Cumulative From April 6, 1949, thru June 30, 1971 Adjusted	1972 b/	1973 Estimated b/	1974 Estimated
Funds available:				
By appropriation:				
To establish revolving fund (P.L. 38, April 6, 1949) a/	$45,494,334	$.....	$.....	$.....
Midwest flood rehabilitation (P.L. 202, October 24, 1951)	30,000,000			
Supplement fund and feed and seed (P.L. 175, July 31, 1953)	130,000,000			
Supplement fund (P.L. 89-426, May 13, 1966)	30,000,000			
Supplement fund (P.L. 92-18, May 25, 1971)	65,000,000			
For repayment of borrowings including interest (P.L. 91-127, Nov. 26, 1969)	31,918,000			
By borrowings:				
Commodity Credit Corporation (P.L. 90-328, June 4, 1968)	30,000,000			
Reimbursement from Hurricane Betsy write-offs	7,375,571			
Receipts - Principal and interest collections on loans	1,351,019,129	115,892,239	14,981,037	
Balance available from prior year		44,755,419	123,195,176	
Total available	1,720,807,034	160,647,658	138,176,213	
Obligations:				
Loans made - Emergency Credit Revolving Fund	1,507,547,317	29,504,199	505 c/	
Loans made - Agricultural Credit Insurance Fund		(79,407,610)	(350,000,000)	
Hay and roughage program	25,326,104			
Expenses for emergency feed program for farmers and stockmen	27,900,000			
Administrative expense	83,462,854	7,948,283	800,000	
Repayment of borrowings from Commodity Credit Corporation:				
Principal	30,000,000			
Accrued interest expense	1,815,340			
Total obligations - Emergency Credit Revolving Fund	1,676,051,615	37,452,482	800,505	
Unobligated balance	44,755,419	123,195,176	137,375,708 d/	

a/ In addition, net assets (other than cash) of $363,811 were acquired from the Regional Agricultural Credit Corporation.
b/ Public Law 92-123, approved November 24, 1971 provided that emergency loans may be insured under the Agricultural Credit Insurance Fund.
c/ Loan cost items.
d/ All cash transferred to the Agricultural Credit Insurance Fund as of September 30, 1972.

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Table II - Direct Loans Made From the Emergency Credit Revolving Fund During 1972 Fiscal Year and Cumulative from April 1949 Through June 30, 1972
(Dollars in Thousands)

State and Territory	1972 fiscal year		Cumulative from April 1949 through June 30, 1972		State and Territory	1972 fiscal year		Cumulative from April 1949 through June 30, 1972	
	Number	Amount	Number	Amount		Number	Amount	Number	Amount
	1	2	3	4		1	2	3	4
U.S. TOTAL	3,877	$29,504	421,705	$1,307,134	Montana	0	*	1,683	7,980
Initial loans	2,750	22,338	307,209	942,763	Nebraska	35	118	4,680	21,287
Subsequent loans	1,127	6,890	114,496	362,137	Nevada	0	0	85	1,038
Loan costs 1/		276		2,234	New Hampshire	0	0	221	665
					New Jersey	49	459	2,168	9,587
Alabama	65	388	14,815	25,508					
Alaska	0	0	49	285	New Mexico	35	188	2,066	7,603
Arizona	4	81	412	3,477	New York	6	55	3,298	10,110
Arkansas	165	376	34,427	101,531	North Carolina	542	3,812	20,921	49,285
California	22	266	2,597	20,788	North Dakota	16	198	30,008	50,179
					Ohio	0	32	827	4,824
Colorado	2	20	7,831	40,425					
Connecticut	0	0	377	1,636	Oklahoma	570	5,582	14,871	34,370
Delaware	2	30	84	418	Oregon	4	47	908	5,610
Florida	20	407	1,929	20,184	Pennsylvania	0	*	1,574	4,482
Georgia	21	414	15,240	42,465	Rhode Island	0	0	64	174
					South Carolina	15	378	23,394	36,900
Hawaii	0	0	89	225					
Idaho	7	43	1,569	15,600	South Dakota	5	29	9,967	13,315
Illinois	3	4	2,811	12,687	Tennessee	11	63	6,101	8,893
Indiana	4	49	1,219	7,325	Texas	1,406	11,106	89,967	362,045
Iowa	0	0	3,080	7,494	Utah	0	*	1,083	5,360
					Vermont	0	0	596	1,110
Kansas	21	104	7,072	29,130					
Kentucky	28	73	1,351	1,355	Virginia	47	350	2,833	9,961
Louisiana	626	3,671	24,527	90,519	Washington	6	108	1,680	15,047
Maine	20	129	4,300	23,318	West Virginia	0	0	434	1,313
Maryland	0	0	692	1,247	Wisconsin	0	0	1,149	1,909
					Wyoming	1	12	1,300	6,082
Massachusetts	1	35	416	1,916					
Michigan	0	0	1,078	4,664	Puerto Rico	9	19	615	1,619
Minnesota	11	115	12,739	44,579					
Mississippi	72	521	36,655	78,071					
Missouri	26	222	23,853	61,539					

1/ "Loan costs" represent the amount advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc.

* Less than $500

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Table III - Emergency Credit Revolving Fund: Direct Loans, Maturities and Collections,
Cumulative From April 1949 Through June 30, 1972
(Dollars in Thousands)

State and Territory	Cumulative advances 1/	Matured principal	Collections			Principal		Unpaid principal balance	Ratio of principal repayments to matured principal
			Principal repayments	Interest payments	Total	Write-offs 2/	Judgments		
	1	2	3	4	5	6	7	8	9
U.S. TOTAL	$1,537,714	$1,504,916	$1,418,193	$47,695	$1,465,888	$54,188	$2,172	$63,161	94.2%
Alabama	26,203	25,768	25,159	590	25,749	371	13	660	97.5
Alaska	318	316	270	16	286	14	0	34	85.4
Arizona	4,851	4,547	4,055	196	4,251	181	0	615	89.2
Arkansas	114,211	113,946	111,311	2,689	114,000	1,657	135	1,108	97.7
California	22,949	22,285	20,736	877	21,613	759	20	1,434	93.0
Colorado	52,676	52,408	50,624	2,375	52,999	1,102	47	903	96.6
Connecticut	1,694	1,672	1,569	82	1,651	33	*	92	93.8
Delaware	414	388	367	12	379	*	0	47	94.6
Florida	22,211	22,147	20,553	997	21,550	466	92	1,100	92.8
Georgia	43,306	43,038	41,754	970	42,724	507	28	1,017	97.0
Hawaii	275	275	273	28	301	1	0	1	99.3
Idaho	17,780	17,666	16,335	652	16,987	110	6	1,329	92.5
Illinois	13,977	13,770	12,575	395	12,970	653	3	746	91.3
Indiana	8,035	7,912	7,351	240	7,591	80	5	599	92.9
Iowa	8,111	7,900	7,700	257	7,957	67	2	342	97.5
Kansas	37,538	37,333	36,384	1,531	37,915	256	39	859	97.5
Kentucky	2,057	1,982	1,851	98	1,949	103	0	103	93.4
Louisiana	93,465	89,756	79,861	1,983	81,844	8,907	118	4,579	89.0
Maine	34,841	34,779	28,844	1,131	29,975	741	39	5,217	82.9
Maryland	1,269	1,264	1,229	63	1,292	15	0	25	97.2
Massachusetts	1,959	1,956	1,869	101	1,970	49	3	38	95.6
Michigan	5,750	5,735	5,266	259	5,525	201	13	270	91.8
Minnesota	46,866	46,810	34,868	752	35,620	11,588	13	397	74.5
Mississippi	81,777	78,371	73,878	1,925	75,803	3,426	144	4,329	94.3
Missouri	71,725	71,107	69,157	2,144	71,301	449	41	2,078	97.3
Montana	14,676	14,624	14,359	824	15,183	138	65	114	98.2
Nebraska	22,794	22,528	21,931	629	22,560	296	6	561	97.4
Nevada	3,028	3,023	2,962	240	3,202	29	0	37	98.0
New Hampshire	674	661	653	38	691	2	0	19	98.8
New Jersey	10,367	9,881	8,970	471	9,441	213	3	1,181	90.8
New Mexico	18,897	18,727	17,561	1,158	18,719	762	105	469	93.8
New York	10,833	10,731	9,766	408	10,174	174	14	879	91.0
North Carolina	56,109	52,182	51,643	1,189	52,832	363	24	4,079	99.0
North Dakota	59,553	59,269	54,950	1,243	56,193	4,067	60	476	92.7
Ohio	4,941	4,900	4,420	139	4,559	150	2	369	90.2
Oklahoma	44,252	41,385	39,227	1,748	40,975	422	49	4,554	94.8
Oregon	6,766	6,582	6,103	355	6,458	70	6	587	92.7
Pennsylvania	4,708	4,693	4,499	171	4,670	36	6	167	95.9
Rhode Island	194	194	170	8	178	2	0	22	87.6
South Carolina	37,687	37,339	36,598	844	37,442	353	79	657	98.0
South Dakota	16,701	16,500	16,128	543	16,671	163	25	385	97.7
Tennessee	10,614	10,500	9,870	291	10,161	295	*	449	94.0
Texas	450,080	439,266	417,530	14,924	432,454	14,361	833	17,356	95.1
Utah	8,536	8,391	8,275	514	8,789	17	10	234	98.6
Vermont	1,115	1,050	1,044	64	1,108	17	0	54	99.4
Virginia	10,651	10,194	9,963	304	10,267	127	34	527	97.7
Washington	16,047	15,307	14,184	543	14,727	196	48	1,619	92.7
West Virginia	1,331	1,328	1,212	65	1,277	4	0	115	91.3
Wisconsin	3,024	3,010	2,958	133	3,091	22	0	44	98.3
Wyoming	8,223	8,072	7,985	350	8,335	29	35	174	98.9
Puerto Rico	1,655	1,448	1,393	136	1,529	144	7	111	96.2

Note: This table does not include Regional Agricultural Credit Corporations loans made by Farm Credit Administration and transferred to Farmers Home Administration for collection.

1/ Cumulative advances by state include the face amount of individual notes owed by borrowers transferring from one state to another while still indebted.

2/ Includes $7,373,771 written off under provisions of the Southeast Hurricane Disaster Relief Act of 1965 and $21,373,534 written off under provisions of the Disaster Relief Act of 1970.

* Less than $500.

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Table IV - Insured Emergency Loans Made from the Agricultural Credit Insurance Fund, January 1 Through June 30, 1972
(Dollars in Thousands)

State	Number	Amount	State	Number	Amount
U.S. TOTAL	9,102	79,408	New Jersey	478	3,174
Initial	6,966	61,082	New Mexico	21	221
Subsequent	2,136	18,326	New York	30	179
			North Carolina	591	5,297
Alabama	222	1,260	North Dakota	144	1,381
Alaska	2	15			
Arizona	19	565	Ohio	6	220
Arkansas	674	3,954	Oklahoma	465	3,643
California	56	586	Oregon	32	266
			Pennsylvania	8	414
Colorado	48	1,674	South Carolina	141	842
Connecticut	3	73			
Delaware	26	299	South Dakota	42	433
Florida	3	75	Tennessee	28	489
Georgia	110	1,223	Texas	1,675	18,449
			Utah	18	200
Idaho	33	1,007	Virginia	139	1,010
Indiana	24	403			
Iowa	21	123	Washington	61	704
Kansas	156	1,364	West Virginia	1	15
Kentucky	1	1	Wisconsin	1	15
Louisiana	2,114	15,035			
Maine	89	1,001			
Maryland	2	26			
Michigan	5	102			
Minnesota	461	3,440			
Mississippi	567	5,783			
Missouri	529	3,873			
Montana	8	268			
Nebraska	46	254			
Nevada	2	52			

Note: This table covers loans advanced by private lenders which are insured by the Government and advances from the Agricultural Credit Insurance Fund for loans for later sale.

Watershed Works of Improvement and Flood Prevention Loans

Under sections 4 and 8 of Public Law 83-566, as amended, loans are made to local organizations for financing the local share of the cost of installing planned works of improvement in approved watershed works of improvement and flood prevention projects. The Farmers Home Administration has been assigned responsibility for making these loans to sponsors of such projects approved for operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement. Public Law 92-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund.

Public Law 83-566 requires that all costs allocated to flood prevention purposes except the cost of easements and rights-of-way, water rights, and administration of contracts, be paid from Federal funds. Most of the loans are used to help finance organizational expenses, legal costs, the acquisition of land, easements, and rights-of-way which the local organizations find they must purchase, and the local share of the cost of multiple-purpose projects. These purposes can include development of public fish and wildlife and recreational facilities, as well as municipal and industrial water supplies.

No loans are made under this authority for the local costs of installing land treatment measures primarily for works of improvement purposes. These land treatment measures primarily benefit the lands upon which they are installed, and the costs are normally borne by the individual land owners with some Federal cost sharing and technical assistance from other Departmental conservation programs.

1. Applications: During 1972, 14 applications for initial watershed works of improvement and flood prevention loans were received. On June 30, 1972, there were 81 applications on hand.

2. Number and amount of loans: The following table shows the number and amount of direct watershed works of improvement and flood prevention loans made in fiscal year 1972 and estimates for such loans on a direct and insured basis for fiscal year 1973.

	Fiscal Year 1972 (Direct Loans)		Fiscal Year 1973 (est.) (Direct and Insured Loans)	
	Number	Amount (thousands)	Number	Amount (thousands)
Watershed works of improvement loans				
Initial.....	12	$4,051.4	60	$18,038.6
Subsequent.....	6	948.6	13	2,000.0
Subtotal.....	18	5,000.0	73	20,038.6
Flood prevention loans				
Initial.....	--	--	3	300.0
Subsequent.....	--	--	2	100.0
Subtotal.....	--	--	5	400.0
Total.....	18	5,000.0	78	20,438.6

Characteristics of loan requests: Applications for loans received by the Farmers Home Administration have varied greatly in amount. The applications now pending average about $185,000 each. Most applications have included requests for funds to purchase land easements or rights-of-way and pay legal fees and organization costs. The larger loan requests have also included funds to pay the local organizations' share of the installation costs of drainage channels, municipal water storage, irrigation works, recreational facilities, natural beauty, and other multiple-purpose improvements.

The following are examples of the loans:

Nebraska - Upper Big Nemaha Watershed

A watershed loan in the amount of $380,000 was made to the Upper Big Nemaha Watershed Conservancy District, Route 1, Firth, Nebraska, to enable district officials to finance the local share of the cost for developing works of improvement in the Upper Big Nemaha Watershed. The loan funds were used for the purchase of easements, rights-of-way and related costs for the development of 59 grade stabilization structures and 38 flood water retarding structures in the watershed area of Johnson, Gage, Lancaster, and Otoe counties in Nebraska. This project provides for flood water protection in the low land areas and for control of soil erosion in the other areas of the watershed. The water impounded will afford opportunities for water based recreation facilities and other beneficial uses. Approximately 115,000 acres of land, which includes 475 farms and the towns of Firth, Adams and Sterling, Nebraska, will benefit from flood and erosion control, as well as recreation facilities and other water uses that result from this project.

Additional funds for financing the project were made available by the Federal Government through the USDA Soil Conservation Service and by contribution from local sources in the area.

Mississippi - Upper Yocona River Drainage District, Yazoo River Watershed

A flood prevention loan of $250,000 was made to the Upper Yocona River Drainage District to help pay local costs for a project for flood prevention and sediment control providing direct benefits for 13,846 acres of valley land. About 200 landowners in the project area have suffered continually from the damages of severe and recurrent flooding. Much of the land was in danger of going out of production without some remedy for the situation. The project included a complete system of channels and flood water retarding structures to protect cropland, pastures, roads, and private residences from flood and erosion damage. These improvements will stabilize the operation of many farms which are capable of good production if they can be properly managed.

Resource Conservation and Development Loans

Under section 102 of Public Law 87-703 and other existing Departmental authorities, loans are made to local sponsoring organizations and to individuals, when needed, for financing the local share of the cost of installing planned works of improvement in approved resource conservation and development projects. The Farmers Home Administration has been assigned responsibility for making these loans to sponsors of resource conservation and development projects approved for operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for development work. Public Law 92-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund.

Loans to local sponsors help them finance installation of multiple-purpose water facilities including recreational and natural beauty developments, flood control structures, water conservation measures, irrigation facilities and other planned project measures. Loans encourage increased investment of private and local funds in development of resource based project measures. However, funds needed to carry out local contributions are often not available at reasonable rates for this type of work.

1. Applications: During 1972, 13 applications for initial resource conservation and development loans were received. On June 30, 1972, there were 16 applications on hand.

2. Number and amount of loans: The following table shows the number and amount of direct resource conservation and development loans made in fiscal year 1972 and the estimate for such loans on an insured basis for fiscal year 1973.

	Fiscal Year 1972 (Direct Loans)		Fiscal Year 1973 (Insured Loans)	
	Number	Amount (thousands)	Number	Amount (thousands)
Resource conservation and development loans				
Initial	12	$922.8	68	$3,400.0
Subsequent	4	59.6	8	200.0
Total	16	982.4	76	3,600.0

The following is an example of the loans:

Arkansas - Fry-Kellow Watershed Improvement District, Ozark Foothills Resource Conservation and Development Project

A loan from Resource Conservation and Development funds in the amount of $224,800 was made to the Fry-Kellow Watershed Improvement District to provide the required local share of funds for the construction of a drainage system which included 23.5 miles of main ditches and 12.5 miles of lateral ditches. The Fry-Kellow Watershed is located in the Lawrence County portion of the Multi-County, Ozark Foothills Resource Conservation and Development project area which includes Randolph, Lawrence, Sharp, Izard, and Fulton counties. This particular project covers 18,800 acres which is all cropland except 1,600 acres of woodland and 400 acres in urban development which includes portions of the towns of Walnut Ridge and Hoxie.

This drainage improvement project will provide direct benefits to 89 farm operators and 1,200 owners of city lots. Approximately 84 percent of the area was subject to damage from excessive surface water because of inadequate drainage facilities to carry normal water run-off. As a result, crops were often destroyed by floods or yields and quality were drastically reduced. These flooding conditions had also restricted urban development and use of county and private roads.

Additional assistance for financing this project was provided by the Federal Government through the USDA Soil Conservation Service.

(e) Rural Development Insurance Fund

Insured Loan Levels

Appropriation Act, 1973	$300,000,000 1/
Budget Estimate, 1974	1,403,000,000
Increase	+1,103,000,000

1/ Authorization for water and waste disposal system loans under the Agricultural Credit Insurance Fund.

The following tabulation reflects the insured loan program from this Fund for 1973 and 1974:

	1973 Estimated	1974 Estimated
Water and waste disposal systems loans	$245,404,700	$ - -
Water facility loans	- -	345,000,000
Industrial development loans	- -	200,000,000
Community facility loans	- -	100,000,000
Rural electrification and telephone loans	479,000,000	758,000,000
Subtotal	724,404,700	1,403,000,000
Water and waste disposal loans insured under ACIF through September 30, 1972	54,595,300	- -
Deduct REA loans (See justification on page of this volume)	-479,000,000	-758,000,000
Total, Farmers Home Administration	300,000,000	645,000,000

Water facility loans ($345,000,000) Loans in 1974 will be made for water and other community development facilities exclusive of waste disposal facilities. No waste disposal facility loans will be made since new authorities contained in the Clean Water Act will provide credit for this purpose.

Industrial development loans ($200,000,000) This is a new type of loan authorized by the Rural Development Act of 1972. These loans will be made to eligible applicants for the purpose of improving, developing, or financing business, industry, and employment and improving the economic and environmental climate in rural communities. This will include loans for projects in rural areas of the kind formerly financed by the Economic Development Administration.

Priority will be given to guarantee of loans made by private lenders. Insured loans will only be made where it is not feasible to provide credit through loan guarantees.

Community facility loans ($100,000,000) This is another new type of loan authorized by the Rural Development Act of 1972. These loans will be made for essential community facilities and related equipment and assumes the activities in rural areas formerly performed by the Economic Development Administration.

Priority will be given to guarantee of loans made by private lenders. Insured loans will only be made where it is not feasible to provide credit through loan guarantees.

These new programs will be administered in a manner which gives a major role to States and local government in planning, priority setting, and project selection.

An analysis of the estimated operating surplus or deficit, exclusive of provision for losses, is as follows:

	1972 Actual	1973 Estimated	1974 Estimated
	(-----Dollars in Thousands-----)		
OPERATING INCOME			
Interest on loans receivable	$ - -	$16,588	$36,501
Insurance charges	- -	33	35
Total operating income	- -	16,621	36,536
OPERATING EXPENSES			
Interest expense:			
Interest on Treasury borrowings	- -	17,182	23,932
Interest on withheld collections	- -	1,125	1,500
Premium interest to note holders	- -	6,826	9,000
Other expense:			
Concession on block sales (fees to brokers)	- -	506	250
Loan write-offs	- -	8	10
Total operating expense	- -	25,647	34,692
Surplus or deficit (-) from operations	- -	-9,026	1,844

In accordance with the accounting principles and standards followed by FHA, the previous schedule is prepared on an accrual basis. The following schedule summarizes the estimated change in the cash position of the fund:

	1972 Actual	1973 Estimated	1974 Estimated
	(-----Dollars in Thousands-----)		
Balance of cash, beginning of year	$ - -	$ - -	$142,998
Repayment of loans held	- -	+7,397	+8,823
Repayment of interest on loans held	- -	+14,070	+32,846
Insurance premiums	- -	+41	+38
Collections for noteholders not disbursed	- -	-6,529	+2,957
Sale of insured loans	- -	+530,414	+946,897
Other receipts (net)	- -	+3,573	+4,900
Total available	- -	548,966	1,139,459
Loans disbursements for later sale	- -	-295,970	-767,000
Purchase of loans from lenders	- -	-81,430	-110,000
Interest paid on Treasury borrowings	- -	-17,182	-23,932
Premium interest paid noteholders	- -	-6,375	-8,500
Concession on block sales (fees to brokers)	- -	-506	-250
Other expense	- -	-4,505	-6,150
Balance of cash, end of year	- -	142,998	223,627

As of December 31, 1972, the unpaid principal balance of insured loans held by investors totaled $750 million. The projected liability for premium interest on these loans held by investors through the end of the holding period is estimated to be $158.7 million. As of January 3, 1973, interest rates to lenders were 5-3/4 percent for notes held for 1 or 2 years, 6-3/8 percent for notes held for 3 or 4 years, 6-1/2 percent for notes held from 5 through 9 years, and 7 percent for notes held from 10 through 25 years.

STATUS OF PROGRAM

Rural Development Insurance Fund

Establishment of Fund: The Rural Development Insurance Fund was established under authority contained in section 309A of the Rural Development Act of 1972 (Public Law 92-419), approved August 30, 1972.

Current Program: Public Law 92-419 provided for transfer from the Agricultural Credit Insurance Fund to the Rural Development Insurance Fund of the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities. In addition, the law authorized a number of new types of insured and guaranteed loans related to the development of rural businesses, community facilities, pollution abatement, and economic improvement in rural areas.

Since October 2, 1972, loans to associations for the development and utilization of water supply and waste disposal systems have been made from the Rural Development Insurance Fund. Loans are made to groups of farmers, certain Indian tribes, and rural residents, including rural towns, to develop central water supplies and waste disposal systems. Associations or groups of farmers and rural residents provide the most acceptable method for developing rural water supplies and waste disposal systems. The best sources of water supply from a quality and purity standpoint are often in remote areas and development is costly. Proper water treatment and waste disposal are in a technical field usually beyond the ability of individuals. Such development also generally involves operating costs beyond the resources of individuals.

1. Eligibility: Association loans for water and waste disposal development may be made to organizations, including certain Indian tribes and corporations not operated for profit and public and quasi-public agencies which propose the conservation, development, use and control of water and the installation or improvement of waste disposal facilities, primarily serving farmers, ranchers, farm tenants, farm laborers, and other rural residents. The organization must be unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant is located for loans for similar purposes and periods of time. The organization must have the legal capacity necessary for constructing, operating, and maintaining the proposed facility and for obtaining, giving security for, and repaying the loan. It must be financially sound and so organized and managed that it will be able to provide efficient service. Such loans may be made to serve resident of open country and rural towns and villages of not more than 10,000 population, which are not part of an urban area.

2. Terms of loans: Loans to associations for water and waste disposal development are repayable in not more than 40 years and bear interest not in excess of 5 percent.

3. Loan purposes: Loans to associations for water and waste disposal development are made for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

4. Security: Loans to associations for water and waste disposal development are required to be secured in a manner which will adequately protect the interest of the Government. Such security includes liens on the association's real and personal property, when applicable, first liens on real and personal property acquired with loan funds, exclusive of easements, rights-of-way and water rights and liens on the interest of the applicant in easements, rights-of-way and water rights used in connection with the facility. Loans to public bodies are ordinarily secured by revenue or general obligation bonds. In cases where additional security is necessary to protect the interest of the Government, individual member's liability agreements and other types of security of this nature may also be taken.

5. The Consolidated Farm and Rural Development Act provides insurance authority for insured real estate loans, including insured loans to associations for water and waste disposal development.

Insured Association Loans for Water and Waste Disposal Development

The appropriation act for 1973 provided for real estate loans to be insured totaling $670,000,000, including $300,000,000 for loans for water systems and waste disposal facilities.

1. Applications: During 1972, 1,397 applications for new loans were received involving water systems and waste disposal facilities. On June 30, 1972, there were 2,948 such applications on hand.

2. Number and amount of loans: The following table shows the number and amount of insured loans to associations for water systems and waste disposal facilities made in fiscal year 1972 from the Agricultural Credit Insurance Fund and estimates for fiscal year 1973 to be made from both the Agricultural Credit Insurance Fund and the newly constituted Rural Development Insurance Fund.

Loans to Associations	Fiscal Year 1972 (ACIF) Number	Fiscal Year 1972 (ACIF) Amount (millions)	Fiscal Year 1973 (Est.) (ACIF and RDIF) Number	Fiscal Year 1973 (Est.) (ACIF and RDIF) Amount (millions)
Water and Waste Disposal Systems				
Initial	631	$220.8	740	$235.0
Subsequent	595	79.2	600	65.0
Total	1,226	300.0	1,340	300.0

Newly Authorized Programs. Procedures are being formulated for the newly authorized rural industrial development loans and community facilities loans.

Beginning January 1, 1973, rural electrification and telephone loans are being made from the fund. See page of this volume.

(f) Rural Water and Waste Disposal Grants

Appropriation Act, 1973 (Including $58 million derived from the unexpended balance of amounts appropriated in Fiscal Year 1972)...	$150,000,000
Budget Estimate, 1974	- -
Decrease in Appropriation	-150,000,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

	1973	Decreases	1974 Estimate
Grants for rural water and waste disposal systems	$2,000,000	-$2,000,000	- -
Grants for development of rural water and waste disposal systems	148,000,000	-148,000,000	- -
Total	150,000,000	-150,000,000	- -

PROJECT STATEMENT
(On basis of appropriation)

Project	1972	1973 (estimated)	Decreases	1974 (estimated)
1. Planning grants	$2,136,850	$2,000,000	-$2,000,000	- -
2. Development grants	39,862,900	148,000,000	-148,000,000	- -
Total obligations	41,999,750	150,000,000	-150,000,000(1)	- -
Unobligated balance	58,000,250	- -	- -	- -
Total available or estimate ..	100,000,000	150,000,000	-150,000,000(1)	- -

The preceding tabulation is based on amounts included in appropriations acts. The following tabulation shows estimated obligations on an available funds basis, including balances brought forward from prior years.

PROJECT STATEMENT
(On basis of obligations under available funds)

Project	1972	1973 (estimated)	Decreases	1974 (estimated)
1. Planning grants	$2,136,850	$624,000	-$624,000	- -
2. Development grants	39,862,900	29,376,000	-29,376,000	- -
Total obligations	41,999,750	30,000,000	-30,000,000	- -
Unobligated balance	58,000,250	120,000,000	- -	$120,000,000
Total available or estimate ..	100,000,000	150,000,000	-30,000,000	120,000,000

(1) A decrease of $150,000,000 in the appropriation for grants to plan and develop projects for the storage, treatment, purification or distribution of water and the collection, treatment, or disposal of waste in rural areas.

The program level in 1973 prior to curtailment of the program was $42,000,000. No appropriation is requested in fiscal year 1974. This program was terminated January 8, 1973.

Funds made available under authorities provided by the revenue sharing program and the Federal Water Pollution Control Act Amendments of 1972 administered by the Environmental Protection Agency make substantial amounts of funds available through the Environmental Protection Agency and directly to State and local communities for use in developing high priority water and sewer projects as determined by local officials.

STATUS OF PROGRAM

Rural Water and Waste Disposal Grants

Grants for the Preparation of Comprehensive Plans for the Development of Water and Waste Disposal Systems in Rural Areas under Section 306 of the Consolidated Farm and Rural Development Act.

Section 306 provides appropriation authority for grants for the preparation of comprehensive plans which coordinate the development of water and waste disposal systems in rural areas. Grants made under this authority may not aggregate more than $30 million in any fiscal year.

1. Eligibility of applicants: Grants for the preparation of comprehensive water and waste disposal plans may be made to public bodies such as counties, townships, planning commissions, and similar units or instrumentalities of government, and such other agencies as may have authorization to prepare comprehensive area plans for the development of water and waste disposal systems in rural areas and which do not have the resources immediately available to undertake the preparation of such plans. To be eligible, the applicant must have a clear authorization to prepare comprehensive plans or to create planning boards or commissions which may prepare such plans under its direction.

2. Limits: The amount of each grant for the preparation of a comprehensive water and waste disposal plan will be limited to actual expenses for the preparation of the plan which are outside the normal budget of the recipient organization.

3. Scope of program: In fiscal year 1972, a total of 155 planning grants were made totaling $2,136,850. It is estimated 41 grants totaling $623,700 will be made for the preparation of comprehensive water and waste disposal plans in fiscal year 1973.

Grants for Water and Waste Disposal Development Costs Under Section 306 of the Consolidated Farm and Rural Development Act.

Section 306 also provides appropriation authority for grants for the development costs of water and waste disposal projects in rural areas. Grants made under this authority may not aggregate more than $300 million in any fiscal year.

1. Eligibility of applicants: Development grants may be made to associations including corporations operating on a nonprofit basis, municipalities, public authorities, districts, certain Indian tribes, and similar organizations, generally designated as public or quasi-public agencies, that propose projects for development, storage, treatment, purification, or distribution of domestic water or the collection, treatment, or disposal of waste in rural areas. Grants may be made to assist eligible applicants to pay for part of the development cost of such projects if grants are necessary to reduce user charges to a reasonable level. Combined loans and grants may be made when the applicant is able to repay part, but not all, of the project costs.

 Grants also may be made to supplement other funds borrowed or furnished by applicants to pay development costs. An eligible project must serve a rural area which, if such project is carried out, is not likely to decline in population below that for which the project was designed, must be designed and constructed so that adequate capacity will be or can be made available to serve the present population of the area to the extent feasible and also serve the reasonable foreseeable growth needs of the area, and must be consistent with comprehensive community water, waste disposal or other development plans for the rural area. Applications for loans and grants for water and waste disposal systems must be reviewed for comment by the officially designated agency and the local, county, or municipal government in which the proposed project is to be located.

2. Limits: Water and waste disposal development grants may not exceed 50 percent of the development cost of the project. The development cost may include the cost of construction of the proposed facility, including rights-of-way and land

rights, water rights, engineering fees, legal fees, and administrative costs in connection with construction and acquisition, and interest during the development period on any funds borrowed to perform such development.

3. Scope of program: In fiscal year 1972, a total of 551 development grants were made totaling $39,862,900. It is estimated that 416 grants totaling $29,376,300 will be made to help cover the development costs of water and waste disposal projects in fiscal year 1973.

(g) Rural Housing for Domestic Farm Labor

Appropriation Act, 1973	$3,750,000
Budget Estimate, 1974	- -
Decrease in Appropriation	-3,750,000

PROJECT STATEMENT
(On basis of appropriation)

Project	1972	1973 (estimated)	Decrease	1974 (estimated)
Financial assistance for low-rent domestic farm labor housing	$6,683,180	$3,750,000	-$3,750,000	- -
Unobligated balance brought forward	-4,230,430	- -	- -	- -
Unobligated balance carried forward	47,250	- -	- -	- -
Total appropriation	2,500,000	3,750,000	-3,750,000(1)	- -

The preceding tabulation is based on amounts included in appropriation acts for 1972 and 1973, and proposed for 1974. The following tabulation shows estimated obligations on available funds basis for this activity, including balances brought forward from prior years.

PROJECT STATEMENT
(On basis of obligations under available funds)

Project	1972	1973 (estimated)	Decreases	1974 (estimated)
Financial assistance for low-rent domestic farm labor housing	$6,683,180	$2,176,000	-$2,176,000	- -
Unobligated balance brought forward	-4,230,430	-47,250	-1,574,000	-$1,621,250
Unobligated balance carried forward	47,250	1,621,250	- -	1,621,250
Total appropriation	2,500,000	3,750,000	-3,750,000(1)	- -

(1) **A decrease of $3,750,000 in the appropriation for grants to provide housing for domestic farm labor ($3,750,000 available in 1973).**

In 1973 it is estimated that 5 grants will be made totaling $2,176,000.

Effective January 8, 1973, acceptance of new applications under this grant program was suspended for an 18-month period pending a thorough analysis of the nature and distribution of the benefits of the program, and its relative cost and effectiveness in meeting the needs of farm workers. Commitments through January 8, 1973 will be honored.

STATUS OF PROGRAM

Rural Housing for Domestic Farm Labor

1. General: Public Law 89-316, Department of Agriculture appropriation act, 1966, included an initial appropriation for financial assistance in the form of grants under section 516 of the Housing Act of 1949, as amended, to provide low-rent housing and related facilities for domestic farm labor. Department of Agriculture appropriation acts for 1967 through 1973 provided additional funds for this purpose. These appropriations remain available until expended.

 Under this authority, financial assistance in the form of sharing in the cost of developing low-rent housing for domestic farm laborers is extended to State or political subdivisions, public or broad-based private nonprofit organizations incorporated within a State, or nonprofit organizations of farmworkers incorporated within a State to assist them in providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Grant assistance not to exceed 90 percent of the total development cost is authorized. Applicants will furnish as much of the development cost as they can afford by using their own resources or by borrowing either directly from private sources or obtaining an insured loan under section 514 of the Housing Act of 1949. The balance of the cost may be extended through sharing in the cost under this authority. The applicant must agree to charge rentals not exceeding amounts approved by the Secretary, to maintain the housing at all times in a safe and sanitary condition, and to give priority as far as occupancy is concerned to domestic farm laborers. A typical applicant is a local public housing authority that already owns and operates a labor camp that needs to be updated and modernized. Some small towns also are interested in providing housing for domestic farm laborers as a service to the community. This program offers an excellent opportunity for local communities that have migrant farm laborers to take positive action to eliminate the deplorable living conditions under which many of them now live.

2. Scope of program: In fiscal year 1972, ten grants totaling $6,683,180 were made. A total of $47,250 carried over from prior years' appropriations will supplement the 1973 appropriation of $3,750,000. In fiscal year 1973, it is estimated that 5 grants for $2,176,000 will be made averaging about $435,000 each.

3. Grant purposes: Labor housing grants are made to fulfill a pressing need for low-rent, decent, safe and sanitary housing for domestic farm laborers and their families at rentals within the payment ability of families with low incomes. Such housing may consist of family units, apartments or dormitory-type units and may include basic household furnishings. The housing must be the most practical type and constructed in an economical manner and not of elaborate or extravagant design or materials. The program is directed toward housing for transient farm labor.

4. Eligibility of applicants: Grants for farm labor housing may be made to a State or political subdivision, to a public or broad-based private nonprofit organization incorporated within a State, or to a nonprofit organization of farmworkers incorporated within a State which is interested in providing housing as a community service when such housing cannot be provided without grant assistance. The applicant must furnish at least ten percent of the cost of construction, all or part of which may be obtained through a Farmers Home Administration loan under section 514 of the Housing Act of 1949, as amended. The applicant also must possess the legal capacity to contract for the grant.

5. Grant obligations: As a condition of the grant, the applicant must agree that: (1) rentals charged the domestic farm laborers for the housing shall not exceed amounts which are approved by the Farmers Home Administration; (2) the housing will be maintained at all times in a safe and sanitary condition in accordance with such standards as may be prescribed by State or local

laws and with such minimum requirements as may be prescribed by the Farmers Home Administration; and (3) an absolute priority shall be given at all time to domestic farm labor in granting occupancy of the housing. The obligations incurred by the applicant as a condition of the grant will continue for 50 years from the date of the grant unless sooner terminated by the Farmers Home Administration.

6. Security to assure compliance: The grant obligations will be secured by a mortgage on the housing or other security. In the event of default, the Farmers Home Administration will have the right at its option to require repayment of the grant.

(h) Mutual and Self-Help Housing

Appropriation Act, 1973	$3,000,000
Budget Estimate, 1974	3,000,000
Increase or Decrease in Appropriation	- -

PROJECT STATEMENT
(On basis of appropriation)

Project	1972	1973 (estimated)	Increase or Decrease	1974 (estimated)
Financial assistance for technical and supervisory assistance for mutual and self-help housing	$1,617,910	$3,000,000	- -	$3,000,000
Unobligated balance brought forward	-1,179,040	- -	- -	- -
Unobligated balance carried forward	1,561,130	- -	- -	- -
Total available or estimate...	2,000,000	3,000,000	- -	3,000,000

The preceding tabulation is based on amounts included in appropriation acts. The following tabulation shows estimated obligations on an available funds basis, including balances brought forward from prior years.

PROJECT STATEMENT
(On basis of obligations under available funds)

Project	1972	1973 (estimated)	Increases and Decrease	1974 (estimated)
Financial assistance for technical and supervisory assistance for mutual and self-help housing	$1,617,910	$3,729,000	+$103,130	$3,832,130
Unobligated balance brought forward	-1,179,040	-1,561,130	+729,000	-832,130
Unobligated balance carried forward	1,561,130	832,130	-832,130	- -
Total available or estimate...	2,000,000	3,000,000	- -	3,000,000

This grant program was authorized by Public Law 90-448, approved August 1, 1968. These grants are designed to aid in providing technical assistance and supervision to groups of families to build their own homes by mutually exchanging labor. It is estimated that 25 grants totaling $3,729,000 will be made to nonprofit organizations in 1973. In 1974 it is expected that 25 grants will be made totaling $3,832,000. These organizations will provide technical staffs to assist approximately 3,000 low-income families in both 1973 and 1974 to build their homes by the self-help method.

STATUS OF PROGRAM

Mutual and Self-Help Housing

This grant program was authorized by Public Law 90-448, approved August 1, 1968. Grants are made to local organizations to promote the development of mutual or self-help housing programs under which groups of families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families to guide them in the construction of their homes. Under self-help housing, usually from six to ten families work together, and through this mutual exchange of labor save from 20 to 25 percent of the cost of their homes. Some funds also will be used for administrative expenses of the organizations providing the self-help assistance.

An initial appropriation of $2,125,000 was provided for the program by the Department of Agriculture and Related Agencies Appropriation Act, 1970 (Public Law 91-127), approved November 26, 1969. Subsequent appropriations for this purpose were $775,000 for fiscal year 1971, $2,000,000 for fiscal year 1972, and $3,000,000 for fiscal year 1973. The appropriations remain available until expended. Fifteen grants totaling $1,720,960 were made in fiscal year 1971, the first year in which the program was operative. Nine grants totaling $1,617,910 were made in fiscal year 1972. It is anticipated that 25 grants totaling $3,729,000 will be made in fiscal year 1973. A total of 44 applications for initial grants were received in 1972. At the end of the year 29 applications were on hand.

(i) **Self-Help Housing Land Development Fund**

The following tabulation shows estimated obligations on an available funds basis, including balances brought forward from prior years.

PROJECT STATEMENT
(On basis of obligations under available funds)

Project	1972	1973 (estimated)	Increase or Decrease	1974 (estimated)
Loans for land development	$78,600	$900,000	- -	$900,000
Unobligated balance brought forward	-1,760,130	-1,734,830	+785,500	-949,330
Receipts	-23,100	-114,500	-340,500	-455,000
Recovery of prior-year obligations	-30,200	- -	- -	- -
Unobligated balance carried forward	1,734,830	949,330	-445,000	504,330
Total, appropriation	- -	- -	- -	- -

This fund was authorized by Public Law 90-448, approved August 1, 1968. It is used as a revolving fund for making loans to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to eligible families, nonprofit organizations, and cooperatives. It is estimated that 22 loans totaling $900,000 will be made in both 1973 and 1974.

It is anticipated that $455,000 in principal repayments and interest will be received in fiscal year 1974. This amount, together with unobligated balances from the previous year, will be sufficient to carry out the proposed program level in 1974 without an additional appropriation.

STATUS OF PROGRAM

Self-Help Housing Land Development Fund

This fund was authorized by Public Law 90-448, approved August 1, 1968. It is a revolving fund for making direct loans to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to eligible families, nonprofit organizations and cooperatives. Loans are made for a maximum of two years at three percent interest. The principal indebtedness of any organization is limited to $100,000.

The Supplemental Appropriation Act, 1969 (Public Law 90-608), approved October 21, 1968, included an initial appropriation of $600,000 for this fund. The Department of Agriculture and Related Agencies Appropriation Acts for 1970 and for 1971 provided additional appropriations of $1,000,000 and $400,000 respectively, which remain available until expended. In fiscal year 1972, two loans were obligated for $78,600. It is anticipated that 22 loans totaling $900,000 will be made in fiscal year 1973, averaging about $40,000 each, from prior-year appropriations. A total of 3 applications for initial self-help building site loans were received in 1972. At the end of the year 3 applications were on hand.

Loans may be made to qualified applicants for the purchase and development of adaquate sites, including the construction of essential access roads, streets, utility lines, and necessary equipment which becomes a permanent part of the development. If public water and sewer facilities are not available and cannot reasonably be provided on a community basis, funds may be included for this purpose.

The housing must be built by the self-help method (i.e., by the borrowers themselves rather than by commerical builders). Loans may include funds to provide for needed landscaping, planting, seeding or sodding or other necessary facilities related to buildings such as walks, parking areas, and driveways. Generally, a loan will not be made for the development of less than ten units, but they need not be contiguous.

(j) Salaries and Expenses

	Salaries and Expenses	Transfers from Insurance Funds	Transfer from Loan Funds for Temporary Field Employment	Appropriation
Appropriation Act, 1973	$115,043,000	$1,000,000	$500,000	$116,543,000
Budget Estimate, 1974	112,500,000	3,000,000	500,000	116,000,000
Increase or decrease in appropriation	-2,543,000	+2,000,000	- -	-543,000
Adjustments to 1973 appropriation:				
Appropriation Act, including supplementals, 1973..	115,043,000	1,000,000	500,000	116,543,000
Transfer to General Services Administration for rental of space	-88,000	- -	- -	-88,000
Adjusted appropriation, 1973	114,955,000	1,000,000	500,000	116,455,000
Budget Estimate, 1974	112,500,000	3,000,000	500,000	116,000,000
Increase or decrease in 1974 program level.....	-2,455,000	+2,000,000	- -	-455,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1972	1973 (estimated)	Decrease	1974 (estimated)
Administration of grant and direct and insured loan programs	$101,851,312	$116,455,000	-455,000	$116,000,000
Unobligated balance	149,729	- -	- -	- -
Total available or estimate ...	102,001,041	116,455,000	-455,000(1)	116,000,000
Transferred to GSA	+81,959	+88,000		
Transferred from "Agricultural Credit Insurance Fund"	-1,469,000	-1,250,000		
Transferred from "Direct Loan Account"	-500,000	-250,000		
Total Appropriation	100,114,000	115,043,000		

(1) A decrease of $455,000 for the administration of grant and direct and insured loan programs ($115,043,000 appropriated in 1973), composed of:

(a) An increase of $2,500,000 for servicing outstanding loans made in prior years under delegation by the Office of Economic Opportunity. For the past three years the Farmers Home Administration has been servicing these loans on a reimbursable basis. The 1974 Budget proposes to include this item as a direct appropriation.

(b) A decrease of $2,955,000 due primarily to the reduction of the housing program level. The funds proposed in the Budget will provide 8,511 man-years of employment (8,587 in 1973) and will permit the Farmers Home Administration to produce new loans and service existing borrowers at the same level of efficiency as in fiscal year 1973.

STATUS OF PROGRAM

Economic Opportunity Loan Fund

The Economic Opportunity Act of 1964 (Public Law 88-452), approved August 20, 1964, authorized two new loan programs aimed at helping poor rural families improve their incomes through their own enterprise.

1. A small loan program of up to $2,500 (later raised to $3,500) per borrower to provide capital to a low-income farmer or other eligible applicant living in a rural area to enable him to increase his ability to earn more income for his family.

2. A loan program for cooperatives made up mainly of poor farm and other rural families to enable them to organize and operate small cooperatives that add to their earnings, conserve income, and teach mutual self-help.

The programs began in 1965 and were operative through fiscal year 1971. A total of 64,600 loans to individuals were made aggregating $109.3 million. A total of 1,476 loans were made to cooperative for $21.1 million.

As of June 30, 1972, a total of 25,409 individual borrowers had outstanding loans of $37.4 million, principal payments were $57.9 million, write-offs were $13.7 million and judgments were $.2 million. Interest payments totaled $11.8 million and interest write-offs were $1.3 million.

As of June 30, 1972, a total of 689 cooperatives had outstanding loans of $15.2 million, principal payments were $4.9 million and write-offs were $.4 million. Interest payments totaled almost $.6 million.

The Office of Economic Opportunity financed part of the administrative expenses incurred by the Farmers Home Administration in operating the rural loan programs under delegation of authority.

Available Funds and Man-Years

1972 and Estimated, 1973 and 1974

Item	Actual 1972		Estimated Available, 1973		Budget Estimate 1974	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Soil Conservation Service						
Conservation Operations	155,766,089	10,258	160,000,000	10,260	153,923,000	10,003
River basin surveys & investigations	10,081,735	519	11,603,000	554	12,351,000	549
Watershed planning	6,730,090	376	7,619,000	382	7,053,000	376
Watershed and flood prevention operations	132,066,197	3,176	150,028,500	3,162	84,847,000	2,702
Great plains conservation program	18,113,500	363	18,113,500	367	18,172,000	367
Resource conservation & development	20,863,298	655	26,595,000	691	8,217,000	511
Total	343,620,909	15,347	373,959,000	15,416	284,563,000	14,508
Deduct allotments to other agencies	-11,254,372	-590	-14,654,000	-620	-9,904,000	-523
Net	332,366,537	14,757	359,305,000	14,796	274,659,000	13,985
Other obligations under USDA appropriations:						
Reimbursement for technical assistance to Rural Environmental Assistance Program and Emergency Conservation measures	7,613,150	666	5,559,000	468	1,800,000	152
Other USDA agencies & within SCS	1,399,574	96	1,382,000	84	1,480,000	103
Allocations for technical assistance to:						
Water Bank Program	130,326	4	--	46	--	--
Non-metropolitan planning	-40	--	100,000	5	100,000	5
Total, other USDA	9,143,010	766	7,041,000	603	3,380,000	260
Total, Agriculture Appropriations	341,509,547	15,523	366,346,000	15,399	278,039,000	14,245
Other funds:						
From Federal sources:						
Agency for International Development:						
Training of foreign participants	142,002	7	147,000	8	147,000	8
Technical consultation	9,245	1	9,000	1	9,000	1
Special projects, in India, Tunisia, Nigeria, Thailand, & Liberia	745,233	29	424,000	15	250,000	8
Other	11,765	1	10,000	1	10,000	1
Total, AID	908,245	38	590,000	25	416,000	18

Item	Actual 1972		Estimated Available, 1973		Budget Estimate 1974	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Other funds, cont'd:						
Reimbursements for technical assistance in:						
River Basin studies	205,641	10	200,000	7	200,000	8
Flood insurance studies, HUD	701,904	38	750,000	35	750,000	35
Other activities	448,789	24	660,000	27	849,000	34
Appalachian Regional Commission	312,019	--	75,407	--	--	--
Regional Action Planning Commission	205,693	--	131,564	--	--	--
Economic Development Administration	41,345	--	--	--	--	--
From non-federal sources:						
Reimbursements for:						
Cartographic services	64,683	4	65,000	4	71,000	5
Sale of personal property	745,256	--	750,000	--	795,000	--
Soil surveys	1,423,326	87	1,400,000	85	1,400,000	85
Watershed planning	1,325,721	80	1,360,000	73	1,360,000	73
River basin studies	579,968	14	550,000	10	550,000	14
Watershed works of improvement	543,766	5	608,000	5	608,000	5
Other miscellaneous reimbursements	474,730	19	435,000	13	554,000	13
Special fund, Plant Materials Center	379,344	1	15,029	--	--	--
Miscellaneous contributed funds	1,262,194	56	1,300,000	67	1,300,000	67
Total, Other funds	9,622,624	376	8,890,000	351	8,853,000	357
Total, Soil Conservation Service	351,132,171	15,899	375,236,000	15,750	286,892,000	14,602

(a) Conservation Operations

Appropriation Act, 1973	$160,069,000
Budget Estimate, 1974	153,923,000
Decrease in Appropriation	-6,146,000

Adjustments in 1973:

Appropriation Act, 1973	160,069,000	
Transfer to General Services Administration for rental of space	-69,000	
Adjusted base for 1974		160,000,000
Budget Estimate, 1974		153,923,000
Decrease in Appropriation		-6,077,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	1973	Increase or Decrease	1974 Estimate
Land Inventory and Monitoring	--	+8,000,000	$8,000,000
Soil Surveys	$23,245,000	-2,045,000	21,200,000
Technical programming, installation services, and snow surveys	135,204,000	-11,896,000	123,308,000
Operation of plant material centers	1,551,000	-136,000	1,415,000
Total available	160,000,000	-6,077,000	153,923,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1972	1973 (estimated)	Increase or Decrease	1974 (estimated)
1. Assistance to conservation districts, communities and other cooperators:				
(a) Soil surveys	$ 23,312,935	23,245,000	(1) -2,045,000	21,200,000
(b) Technical programming, installation services and snow surveys	130,981,038	135,204,000	(2) -11,896,000	123,308,000
(c) Operation of plant material centers	1,472,116	1,551,000	(3) -136,000	1,415,000
(d) Land inventory and monitoring	--	--	(4) +8,000,000	8,000,000
Total available or estimate	155,766,089	160,000,000 a/	-6,077,000	153,923,000
Transfer to GSA	+68,546	+69,000		
Appropriation	155,834,635	160,069,000		

PROJECT STATEMENT
(On basis of available funds)

Project	1972	1973 (estimated)	Increase or Decrease	1974 (estimated)
1. Assistance to conservation districts, communities and other cooperators:				
(a) Soil surveys	25,535,684	24,816,101	(1) -3,548,101	21,268,000
(b) Technical programming, installation services and snow surveys	127,383,668	131,683,000	(2) -4,854,000	126,829,000
(c) Operation of plant material centers	1,558,600	1,533,000	(3) -100,000	1,433,000
(d) Land inventory and monitoring	--	--	(4) +8,000,000	8,000,000
Total obligations	154,477,952	158,032,101	-502,101	157,530,000
Unobligated balance brought forward	-350,964	-1,639,101	-1,967,899	-3,607,000
Unobligated balance carried forward	1,639,101	3,607,000	-3,607,000	--
Total available or estimate	155,766,089	160,000,000 a/	-6,077,000	153,923,000

a/ Includes $3,607,000 withheld from use in 1973, ($467,000 has come principally from funds budgeted for travel). This amount will be carried forward for obligation and reduce the amount of new budget authority required in 1974.

(1) A decrease of $2,045,000 in appropriation for soil surveys ($23,245,000 appropriated in 1973).

On the basis of available funds there will be a decrease in program level of $3,548,101. Available funds will enable the Service to complete 39,050,000 acres of Soil Surveys in 1973 and 37,000,000 acres in 1974.

(2) A decrease of $11,896,000 in appropriation for technical assistance and snow surveys ($135,204,000 appropriated in 1973).

On basis of available funds there will be a decrease of $4,854,000. The program level of $126,829,000 will enable the Service to provide technical assistance to about 1,100,000 operators of individual land units, 12,700 groups, and 24,400 units of government on urgently needed conservation work and land use planning.

(3) A decrease of $136,000 in appropriation for operation of plant material centers ($1,551,000 appropriated in 1973).

On basis of available funds there will be a decrease of $100,000. The program level of $1,433,000 would permit this program to continue in 1974 at about the 1973 level.

(4) A increase of $8,000,000 for initiation of the National Land Inventory and Monitoring Program. (No funds appropriated in 1973).

This program was authorized under section 302 of the Rural Development Act of 1972 (Public Law 92-419). The program level of $8,000,000 will enable the Service to initiate a national land inventory and monitoring program to provide resource inventory data essential to planning to concerned individual land users and community, county, regional, State, and national units and agencies of government. The data will be used for land conservation, use and development,

for guidance of community development to achieve a balanced rural-urban growth, for identification of prime agricultural producing areas that should be protected, for evaluating land use changes and trends and for use in protecting the quality of the environment. Studies and surveys will include erosion and sediment damage, flood plain identification and utilization, and land use changes and trends. A land resource inventory report reflecting soil, water and other resource conditions will be issued at 5-year intervals.

STATUS OF PROGRAM

Current Activities: The Soil Conservation Service is the technical agency of the United States Department of Agriculture established to carry out provisions of the Act of April 27, 1935, (16 U.S.C. 590a - 590f). The Service provides professional leadership to conservation districts and other organizations in matters of soil and water conservation. It provides technical assistance to landowners, units of government, operators and groups in developing land use programs and in planning and installing conservation measures.

The basic objectives of conservation operations include use of land within its capability and applying treatments in accordance with its need for protection and improvement.

Cooperative Work with Local Conservation Districts

Conservation operations are carried on primarily in cooperation with over 3,000 soil and water conservation districts. These districts are local units of government formed under authority of state laws and operate under local initiative, direction, and control. Local people provide the leadership needed to effectively advance the conservation objectives of the districts.

The Soil Conservation Service furnishes technical and other assistance to districts under the terms of memorandums of understanding. Service technicians are assigned to work directly with landowners and operators. They help to develop conservation plans for individual farms, ranchers, or other units of land. They also help develop schedules for the application of needed combinations of practices. Operating procedures combine the practical experience of land users with the scientific knowledge and skills of professional conservationists to develop and carry out locally-adapted conservation programs.

Rural Development

The Soil Conservation Service is the Department's technical assistance agency in soil, water, and related resource conservation, development, and use, and as such has a major responsibility to help rural leaders and residents determine land capability and potential uses through furnishing facts and interpretations of soil, water, and related resources. It also provides planning assistance to state and local rural development committees and other planning and development agencies and organizations. This assistance includes control of erosion, water management, protection and improvement of public facilities, location of industries in nonmetropolitan areas and promoting resource-related economic development.

Types of Assistance Furnished

Technical services and other assistance furnished to landowners and operators and others by the Soil Conservation Service under this appropriation include the following activities:

1. Soil surveys, special investigations, and interpretations are made to determine the kinds of soil, potential alternative uses of the soils, and their needs for full use and conservation. Each soil survey includes field mapping and necessary correlation, interpretation, investigations, and laboratory work. These surveys are conducted cooperatively with other federal agencies, the land grant colleges, other state agencies, and local organizations. The published soil survey for a county or designated area includes maps with explanatory information useful in many federal, state, county and local community programs. Special reports are prepared and released as needed for local uses.

2. Resource conservation planning and land treatment assistance of the following kinds is made available:

 a. Planning assistance is furnished farmers, ranchers, other land users and groups of land users, and to state and local units of government involved in establishing public policy regarding the use and treatment of land. Technical assistance is used to determine alternative land uses and treatment needs. The conservation plan developed consists of a soil and capability map and other basic resource data interpreted for alternative uses and treatment, and the land user's recorded decisions to achieve his conservation objectives.

 b. Installation services are provided to cooperating land users to help them apply planned conservation programs. Such assistance includes site investigations, designs and specifications, construction plans, and layout of practices on their lands.

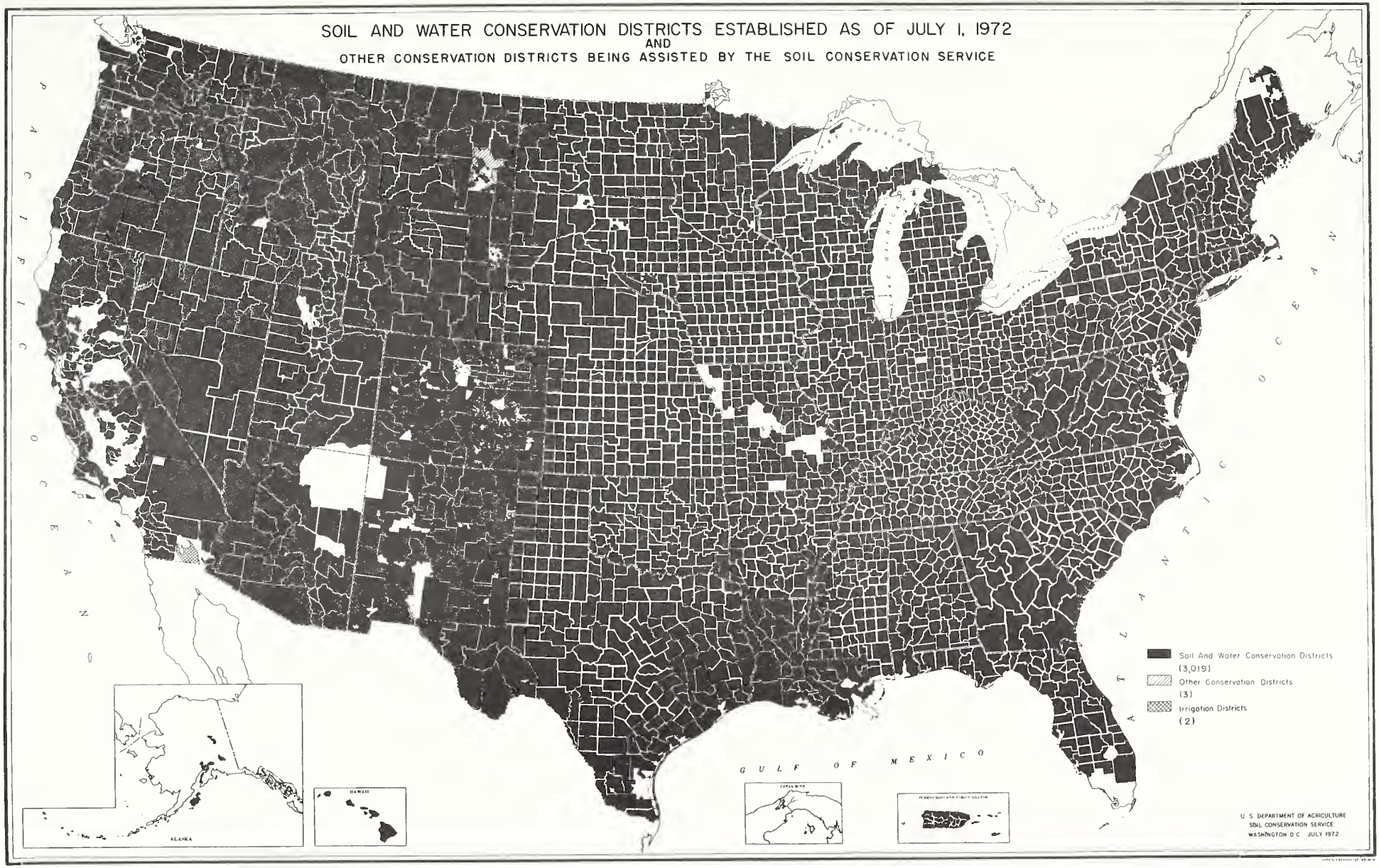
 c. Technical help is furnished to people acting together to make group decisions about neighborhood and community soil, water, and related resource problems, needs and opportunities. Assistance involves preparing inventories and evaluations essential for sound group plans. Such plans typically involve efficient use or disposal of water, stabilization of critical areas, reduction of stream pollution or the prevention of flood and sediment damages.

 d. Technical assistance, such as inventories, evaluations, and interpretations of soil and water data, is provided to individuals, groups, and units of government concerned with the use and development of land and water resources. This includes the furnishing of soils, vegetative, biology and water management data suitable for making land use and treatment decisions. These services are furnished in cooperation with state agencies and local organizations, suchs as agricultural experiment stations, highway departments, planning and zoning boards, tax commissions, and governing bodies.

 e. Technical services are provided to individual and group participants in the Rural Environmental Assistance Program for site selection, layout, or establishment of specified conservation practices. Service technicians certify that these practices have been properly installed and conform to specifications. About half of the total cost of these services are reimbursed to the Service from program funds allocated to the respective County Agricultural Stabilization and Conservation Committees.

3. Snow surveys are conducted in the Western States. The basic data collected provide the basis for making water supply outlook forecasts. The forecasts provide estimates of volume and peak flows of seasonal irrigation use, potential flood flow, stream and reservoir regulation, power generation and other purposes. This information is supplied to the public, to other agencies, to groups of water users and to individuals for their guidance in the efficient use and management of available water supplies.

4. Plant material centers are operated for selection and testing of plants for erosion control, special conservation purposes, and adaptation to unusual soil conditions. The work of these centers includes cooperation with state and federal agencies, commercial concerns and seed associations to encourage production, release, and use of new or uncommon plant materials needed in soil and water conservation programs.


SOIL AND WATER CONSERVATION DISTRICTS ESTABLISHED AS OF JULY 1, 1972
AND
OTHER CONSERVATION DISTRICTS BEING ASSISTED BY THE SOIL CONSERVATION SERVICE
PACIFIC OCEAN
LAKE SUPERIOR
LAKE MICHIGAN
ATLANTIC OCEAN
GULF OF MEXICO
ALASKA
HAWAII
Soil And Water Conservation Districts
(3,019)
Other Conservation Districts
(3)
Irrigation Districts
(2)
U S DEPARTMENT OF AGRICULTURE
SOIL CONSERVATION SERVICE
WASHINGTON D C JULY 1972

5. A land inventory and monitoring program to provide soil, water and related resource data for land conservation, use and development, for guidance of community development to achieve a balanced rural-urban growth, for identification of prime agriculture producing areas that should be protected, for evaluating land use changes and trends, and for use in protecting the quality of the environment. A land resource inventory report reflecting soil, water and related resource conditions, issued at not less than 5-year intervals, will provide essential planning data for individual land users and community, county, regional, State, and National units and agencies of government.

Local, State and Federal Participation in Conservation District Programs

Officials of conservation districts provide the local leadership for development and operation of appropriate land use and conservation treatment programs on private lands. They solicit local, state and federal participation in locally-adapted programs that conserve and improve land and water resources. Over the years they have developed cooperative ways of financing conservation programs which provide numerous public and private benefits. The 2 million private landowners and operators, who cooperate in district programs, finance more of the program cost than all public sources combined. State and local contributions have continued to increase in recent years.

Status of District Organization as of 6/30/72

A total of 16 new conservation districts were formed in the 1972 fiscal year. Nineteen previously established districts were merged or consolidated with other districts. Overall, the total number of districts decreased by 3. This resulted in the transfer of over 13 million acres between districts. Nearly 4 million acres were added to 29 existing districts. The net increase of new territories brought into districts in 1972 was 11,213,194 acres. About 96 percent of the total farm and ranch lands and about 99 percent of the farms and ranches in the nation are now within the boundaries of conservation districts. The following table shows the classification, number and area of districts and number of farms as of June 30, 1972

Summary of Conservation Districts Organized, by Kinds of Districts, Cumulative to July 1, 1972:

Kind of District	State	Districts	Approximate Area	Farms
	48*	No.	Acres	No.
Soil & Water Cons. Dist.	States	2,981	1,819,132,505	3,116,320
Soil & Water Cons. Dist.	Caribbean Area	18	2,273,189	45,325
Sub-districts	Alaska	12	8,645,965	1,795
Work Areas (called Dist.)	Conn.	8	3,135,360	6,068
Grass Cons. Districts	Mont.	3	1,388,071	280
Imperial Irrigation Dist.	Calif.	1	908,195	658
Elephant Butte Irrigation District	N. Mex.	1	133,588	52
Total Conservation Districts		3,024	1,835,616,873	3,170,498

Land in farms in districts (Acres):		%
United States	1,065,524,879	95.97
Caribbean Area	1,632,991	100.00
Total	1,067,157,870	95.98

Farms in districts (Number):		%
United States	3,125,173	98.96
Caribbean Area	45,325	100.00
Total	3,170,498	98.98

*Excludes Alaska & Connecticut (shown separately)

Projected District Organization

A total of 11 new soil and water conservation districts are expected to be organized in the 1973 fiscal year. Another 8 new districts are projected for 1974. The formation of districts is nearing completion in most states. About 25 more districts are expected to be organized within the next few years. The following table shows the current projections with estimated number of farms and acreage included:

	Number of Districts	Acreage in Districts		Number of Farms
		Total Area	Land in Farms	
Actual				
June 30, 1971	3,027	1,824,403,679	1,064,404,507	3,167,958
Average per SCD	---	602,710	351,637	1,047
June 30, 1972	3,024	1,835,616,873	1,067,157,870	3,170,498
Average per SCD	---	607,016	352,896	1,048
Estimate				
June 30, 1973	3,035	1,842,217,000	1,070,458,000	3,181,498
Average per SCD	---	607,000	353,000	1,048
June 30, 1974	3,043	1,847,017,000	1,073,282,000	3,189,498
Average per SCD	---	607,000	353,000	1,048

The number of farms shown is based largely on the 1964 Census of Agriculture, adjusted slightly to reflect continued changes in total number of farms in the United States. The average size of farms in districts as of June 30, 1972, was 337 acres. Trends in recent years have been to larger farms and to more specialization. Conservation plans must be revised to reflect land use changes and to meet new problems arising from such changes. Continuation of these trends and subdivisions of private properties are expected.

Information Services

Information activities of the Soil Conservation Service are carried out through 3,000 field offices, 50 state offices and the Commonwealth of Puerto Rico, 4 regional technical service centers and the Washington Office. Information concerning work and accomplishments of the Service is provided to news media, educators, and the public. The information program is directed toward helping people understand the causes and extent of natural resource problems; showing how to correct or prevent them; and suggesting ways to make improvements in the environment.

Its publications include the results of surveys, studies, and field evaluations of soil and water conservation problems and accomplishments. Among the new publications scheduled for release during fiscal 1973 is a series of 10 on appropriate use and value of soil surveys and available soil information for the following 10 different general purposes: urban planning, farming and forestry, local and state government, sediment and erosion control, recreational planning, transmission and transportation corridors, siting of homes, solid and liquid waste disposal, siting of engineering structures and buildings, and land evaluation.

Two popular leaflets during the last year have been "A Conservation Plan for a Developing Area" used by villages, towns, townships, cities and counties contemplating ordinances or issuing rules and regulations designed to prevent erosion and sedimentation, and by housing developers; and "Drainage Around Your Home."

Service information work also supports Department-wide programs by explaining how conservation activities contribute to improvement of environmental quality and enlargement of economic and social opportunities in rural areas. Information concerning the Great Plains Conservation Program, watershed project and Resource Conservation and Development project action, and other Service programs stimulates local people to develop plans for natural resource improvements and such related needs as recreation developments, pollution abatement, and homesite developments.

Information materials in support of Service objectives include press releases, photographs and picture stories, slide sets, publications, speeches, magazine articles and article ideas, short radio and television spot announcements that are aired by stations as a public service, and TV featurettes and interviews distributed by the USDA Office of Information.

The SCS provides technical and advisory assistance to schools in setting up comprehensive conservation education programs. Currently SCS is focusing on the development of outdoor classrooms on school sites where young people learn through direct personal experiences about the proper use of the natural environment. These continuing learning experiences also help motivate acceptance of personal responsibility for cummunity improvement through intelligent management of soil, water and air resources. School boards and administrators in every state have made use of SCS help in conserving public school lands and in the selection of school sites. In Michigan, SCS has given help on development of more than 300 outdoor classrooms. Demands for this type of technical and advisory help are growing in all states, with the activity especially heavy in such other states as Indiana, Arkansas and California.

During the last year, the SCS provided technical and conservation management assistance for the proper use and care of Boy Scout and Girl Scout properties in every state. SCS worked intensively during the last year with Boy Scouts in their national Save Our American Resources campaign; with Girl Scouts of the U.S.A. in their Eco-Action program; with Future Farmers of America in their community development and soil judging programs; with 4-H clubs in their environmental improvement projects; and with a wide variety of other volunteer youth organizations.

Purpose and Use of Soil Surveys

Soil Surveys are carried out in cooperation with the state agricultural experiment stations under memoranda of understanding. The total effort is known as the National Cooperative Soil Survey. Other state, federal and local agencies contribute to soil survey work and advise on methods and priorities in the National Cooperative Soil Survey. In carrying out soil surveys, soils are studied in the field and in the laboratory and boundaries are plotted on aerial photographs. Soil interpretations explain alternative uses of the soils. The results of all research on soils and of experience in using them contribute to these explanations.

A major objective of the National Cooperative Soil Survey is to provide published soil surveys of counties or other comparable size areas for widespread use by interested agencies, organizations and individuals.

The nationwide system of soil classification was developed by the Soil Conservation Service in cooperation with other interested agencies of state and federal governments and many foreign contributors. Soil properties are rarely uniform over broad areas. Close adherence to a nationwide system of soil classification allows knowledge and experience gained from a particular kind of soil to be used in other areas where similar soils are known to exist. In addition, because the system of soil classification has some worldwide application, it is useful to soil scientists throughout the world, particularly in countries where little is known about the soils.

Soils must be selected and used prudently if the quality of the environment is to be improved and maintained. Prime agricultural land must be identified and used for producing food and fiber. Also new, more attractive urban and rural living areas and economic opportunities for all people must be developed. Soil surveys form one basis for town-and-country planning. Such planning leads to better homes, farms, cities, forests, parks, water surfaces, wildlife habitat, and recreation areas. Land use planners have already found how conservation and environmental improvement plans can be made better with the help of soil surveys.

Soil surveys are needed to plan runoff and erosion control measures which reduce the amount of sediment and other pollutants in streams and the costly waste of soil. The findings from a soil survey enable land users to predict how each kind of soil responds to use, management, and treatment. Soil surveys help farmers locate those soils that are best suited for crops, and that are most responsive to management. They are of vital importance to planning engineers, zoning commissions, tax commissioners, homeowners, developers and others. Farms, wildlife and recreation areas, commercial and industrial sites, homesites, subdivisions, highways and airports have suffered severe losses when they were located on soils not suited for such purposes and special treatment was not provided to compensate for unfavorable soil conditions. In many instances soil survey information in the selection of sites would have resulted in decreased initial construction cost as well as lower maintenance cost and fewer failures of structures.

Soil Survey Progress

As of June 30, 1972, detailed soil maps that meet the current standards for all potential users had been prepared on 774,328,845 acres and reconnaissance soil maps on an additional 41,033,553 acres for a total of 815,362,398 acres.

Mapping Progress

Fiscal Year	Conservation 1/ Operations	Other SCS Programs	Other 2/ Cooperators	Total Acres Mapped
1972 Actual	34,352,080	3,770,529	3,955,062	42,077,671
1973 Estimate	35,050,000	3,000,000	1,000,000	39,050,000
1974 Estimate	34,000,000	2,000,000	1,000,000	37,000,000

1/ Also includes soil surveys made by the SCS that are financed by other federal agencies, state and local agencies and other groups.

2/ Includes soil surveys made by other federal agencies, state agricultural experiment stations, and other state and local agencies.



Soil scientist in Ohio in upper photo conducts tests on soil samples and describes the soil in terms of a standard classification system. Location and extent of each kind of soil will be shown on an aerial photo. In lower photo, soil scientist in Virginia discusses the soils of an area and explains limitations in their use to a county health official.









Soil survey maps show location and extent of the nation's prime and unique farm land as shown in top photo. Interpretations of soil provide information on crop adaptation, needed land treatment, management, and potential uses for various types of development. Areas subject to flooding, high water tables, and other conditions that affect the use of an area are identified in a soil survey (see center photo). Critically eroded areas as shown in lower photo are described and delineated. Local officials can use this information in planning critical area treatment for reduction of water pollution by sediment.

Soil Survey Publications

A total of 80 soil surveys including maps with explanatory text were edited and submitted to the Government Printing Office for printing during fiscal year 1972. Soil surveys of the following 41 counties or soil survey areas were published and distributed in fiscal year 1972:

Alabama
- Greene County

Alaska
- Homer-Ninilchik Area

Arkansas
- Desha County
- Mississippi County

California
- Eastern Fresno Area
- Western Riverside Area

Colorado
- Phillips County

Florida
- Okeechobee County

Georgia
- Banks and Stephens Counties
- Lamar, Pike, and Upson Counties

Idaho
- Kooskia Area

Illinois
- Douglas County

Indiana
- Howard County

Iowa
- Keokuk County

Kansas
- Harper County

Maryland
- Calvert County

Michigan
- Gladwin County
- Lapeer County
- Macomb County

Minnesota
- Stevens County

Mississippi
- Alcorn County
- George County

Montana
- Yellowstone County

Nebraska
- Boone County
- Thruston County

Nevada-California
- Carson Valley Area

New Jersey
- Burlington County
- Mercer County

New York
- Seneca County

Ohio
- Mahoning County
- Stark County

Pennsylvania
- Dauphin County

Texas
- El Paso County
- Hardeman County

Utah
- Utah County

Vermont
- Addison County

Virginia
- Orange County

Washington
- Benton County Area

West Virginia
- Greenbrier County

Wisconsin
- Milwaukee and Waukesha Counties

Wyoming
- Goshen County

The current goals are to submit 90 soil surveys to the Government Printing Office for publication in fiscal year 1973 and another 85 in fiscal year 1974.

Special Soil Reports

As a part of soil survey assistance, copies of field sheets, charts, and maps and related special soil interpretations are provided to local officials, planning commissions and others. These special reports are designed to meet specific, immediate needs of local people and are generally prepared for portions of a county in which a soil survey is in progress. Local funds are provided to cover part of the extra cost of reproducing the special report. In some instances, local funds are also provided for field soil survey mapping.

During fiscal year 1972, there were 449 special interpretation reports prepared and made available for local uses. Current estimates are that about 583 of these special reports will be prepared in fiscal year 1973 and another 600 in fiscal year 1974.

Resource Conservation Planning Assistance

Resource conservation planning assistance is furnished to individuals, groups, and units of government to help them plan solutions to problems associated with the development and use of soil and water resources. Generally, this assistance results in individual plans, group conservation plans, resource plans which are developed by units of government, or inventories and evaluations based on resource data. These plans provide for the use, development, and conservation of soil, water and related resources. They meet the needs and desires of those who own, use or control the resources and at the same time meet the increasing needs of the community and nation in the development and maintenance of soil and water resources.

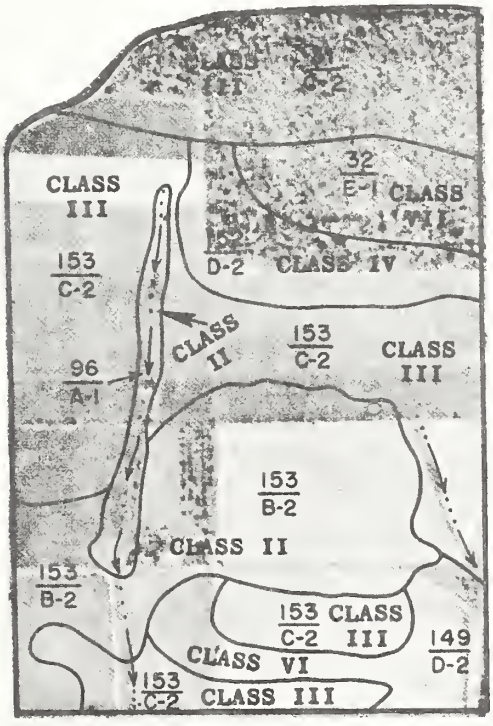
Program Development: The Service helps soil conservation districts and other local units of government develop their conservation programs. This includes providing soil survey data and interpretation, conservation needs inventory and conservation treatment recommendations. Programs developed must meet the needs of the land and the desires of the people. Districts are encouraged to consider land use alternatives that would stimulate economic improvements. Each conservation district is usually supplied with a technical guide which includes the criteria and limitations for all practices and measures used in the local programs. The guide includes standards and specifications for needed practices and measures. Districts use these programs as guidelines for improving land use patterns and for up-grading the total environment of local areas.

Conservation Planning: Planning assistance is provided to users of individual land units; including farmers, ranchers, units of government and others owning or using land. Current technical information is provided to help them make wise land use decisions which fit their own objectives but which, at the same time, meet national objectives to maintain the soil and water resource base, reduce erosion, and control agricultural related pollutants, and thereby, help maintain a quality environment. Service technical assistance includes basic resource inventories with interpretations in relation to problems, needs and opportunities. Conservation plans which are jointly developed reflect needed land conversions, conservation treatment, and installation schedules specifically tailored to the labor equipment, capital, and managerial ability of the land user. Conservation plans may be completed quickly or over a long period of time depending upon the desires of the land user, size of the unit of land, and the complexity of the erosion, water control, and land use problems.

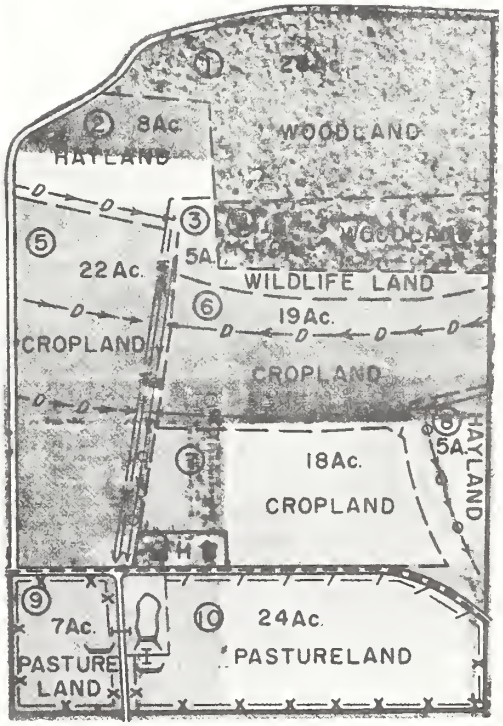
Planning assistance is provided to groups and communities to help them solve soil, water, and other related resource problems common to the group or community and which can effectively be solved only by people working together in groups. Assistance includes soil, water, plant, and other current resource inventory data applicable to current and anticipated planning needs. The Service assists the group or community to explore alternative solutions in development of plans



In upper photo, ranchers in Utah discuss their conservation plan which was developed with SCS technical assistance. Soils and other resource inventory maps are used to explore land use and treatment alternatives, make decisions and schedule installation of practices. Below are a soil and capability map and a conservation plan map prepared with the professional help of a soil conservationist.



SOIL AND CAPABILITY MAP



CONSERVATION PLAN MAP

to meet desires and objectives of the group in management and development of their resources. Assistance varies in accordance with complexity of resource problems. Planning assistance is coordinated with other programs. Groups and communities are encouraged to avail themselves of programs providing financial and other assistance.

Planning assistance to units of government has continued to increase because people rely more on their local governmental units to provide development and rehabilitation assistance. Essential to the planning needs of units of government are Service inventories and evaluations of land use limitations and suitability for projected uses. Inventories and evaluations are being provided to solve soil, water, and related problems created through urban expansion, industrial and other developments. This technical data provides the basis for development of comprehensive plans, land use and treatment ordinances, water laws, taxation, and other governmental devices essential to sound land use and management.

Plan Revision: Assistance in keeping conservation plans and inventories current is provided to all decision makers; individuals, communities and units of government. These decision makers must revise and modify plans as objectives, technology, economics, and other factors change. The Service assists them adapt to changing conditions by providing up-dated soil and water resource information.

Status of Conservation Planning Activity

The following table shows district cooperators and progress in farm and ranch conservation planning with Soil Conservation Service technical assistance.

Item	Current Year a/ Increase	Current Year a/ Decrease	Net Change	Cumulative in SCD's June 30b/
		Fiscal Year 1972 (Actual)		
Number of district cooperators.....	89,129	-54,671	+34,458	2,267,016
Number of conservation plans:				
Developed.....	65,059	-39,767	+25,292	1,786,384
Revised.....	26,880	---	---	---
		Fiscal Year 1973 (Estimate)		
Number of district cooperators.....	90,000	-59,016	+30,984	2,298,000
Number of conservation plans:				
Developed.....	61,000	-33,384	+27,616	1,814,000
Revised.....	26,000	---	---	---
		Fiscal Year 1974 (Estimate)		
Number of district cooperators.....	90,000	-59,000	+31,000	2,329,000
Number of conservation plans:				
Developed.....	57,000	-35,000	+22,000	1,836,000
Revised.....	26,000	---	---	---

a/ Figures are for the Conservation Operations program only. In addition, a total of 5,961 conservation plans and 2,690 revisions of plans were prepared in 1972 under other land treatment programs administered by the Soil Conservation Service.

b/ Totals under all current operating programs.

As of June 30, 1972, about 41 percent of the operating units in conservation districts had been planned with technical assistance from the Soil Conservation Service under all programs which it administers. The 1,786,384 conservation

plans as of June 30, 1972, comprise 594 million acres, or about 44 percent of the total agricultural land in the United States. The following table shows the percentages by States:

Conservation Planning in Soil Conservation Districts
By States and Nationally, June 30, 1972

States	Total SCD's as of 6/30/72	Operating Units in SCD's		Conservation Plans Prepared as of 6/30/72		% of Operating Units Planned	
	Number	Number	Acres	Number	Acres	Number %	Acres %
Northeast							
Connecticut	8	31,120	2,009,031	3,187	343,781	10.2	17.1
Delaware	3	7,722	1,075,483	2,601	369,485	33.7	34.4
Kentucky	121	179,794	22,007,231	55,786	7,231,152	31.0	32.8
Maine	16	73,810	15,832,557	8,768	1,717,571	11.9	10.8
Maryland	24	37,259	5,483,812	15,990	1,882,726	42.9	34.3
Massachusetts	15	16,311	2,150,910	8,434	844,450	51.7	39.3
New Hampshire	10	34,204	4,528,509	5,144	828,563	15.0	18.3
New Jersey	15	10,400	1,268,482	4,863	580,554	46.8	45.8
New York	56	155,951	20,412,838	28,058	4,086,527	18.0	20.0
Ohio	88	149,314	20,538,209	55,922	7,333,178	37.4	35.7
Pennsylvania	65	109,312	19,267,932	37,121	6,371,483	34.0	33.1
Rhode Island	3	5,850	507,700	1,303	122,814	22.3	24.2
Vermont	14	13,732	2,153,907	8,286	1,648,307	60.3	76.5
Virginia	36	115,921	18,833,546	34,789	5,568,700	30.0	29.6
West Virginia	14	71,518	12,742,123	33,973	4,477,034	47.5	35.1
Caribbean	18	45,764	1,923,600	17,999	972,411	39.3	50.6
Total	506	1,057,982	150,735,870	322,224	44,378,736	30.5	29.4
South							
Alabama	67	105,941	21,037,301	50,352	9,929,521	47.5	47.2
Arkansas	76	122,811	30,146,952	91,344	18,732,488	74.4	62.1
Florida	60	57,250	25,987,589	23,164	8,044,807	40.5	31.0
Georgia	27	172,296	32,230,872	99,140	17,787,037	57.5	55.2
Louisiana	35	96,098	26,902,926	44,547	9,338,296	46.4	34.7
Mississippi	80	140,004	24,759,729	68,785	13,299,527	49.1	53.7
North Carolina	88	217,306	22,087,542	59,112	6,958,384	27.2	31.5
Oklahoma	87	135,533	40,141,620	96,421	28,936,905	71.1	72.1
South Carolina	45	101,706	17,237,481	39,556	6,567,488	38.9	38.1
Tennessee	95	169,541	20,732,683	46,300	6,183,637	27.3	29.8
Texas	192	296,873	156,793,745	192,856	107,529,527	65.0	68.6
Total	852	1,615,359	418,058,440	811,577	233,307,617	50.2	55.8
Mid-West							
Illinois	98	172,259	31,361,014	52,334	9,108,013	30.4	29.0
Indiana	91	126,288	19,008,582	41,671	5,888,536	33.0	31.0
Iowa	100	155,136	34,080,051	71,479	13,503,286	46.1	39.6
Kansas	105	138,666	49,274,219	82,494	28,036,788	59.5	56.9
Michigan	85	110,581	18,982,068	44,625	5,690,870	40.4	30.0
Minnesota	91	133,306	34,311,801	35,673	7,766,756	26.8	22.6
Missouri	96	154,962	32,251,547	31,226	6,402,815	20.2	19.9
Nebraska	86	99,621	47,502,816	53,070	23,944,098	53.3	50.4
North Dakota	65	50,959	43,029,340	33,136	26,950,620	65.0	62.6
South Dakota	70	51,764	46,475,157	28,894	21,698,320	55.8	46.7
Wisconsin	72	116,848	23,169,039	35,621	6,140,872	30.5	26.5
Total	959	1,310,390	379,445,634	510,223	155,130,974	38.9	40.9
West							
Alaska	12	2,159	533,455	413	91,888	19.1	17.2
Arizona	31	7,671	38,144,764	4,413	9,705,566	57.5	25.4
California	156	89,528	35,868,782	32,692	10,687,113	36.5	29.8
Colorado	89	36,680	41,902,832	16,775	22,865,543	45.7	54.6
Hawaii	15	3,994	3,729,526	1,492	1,643,286	37.4	44.1
Idaho	52	39,423	18,186,218	12,901	6,494,440	32.7	35.7
Montana	61	26,683	66,547,857	10,844	32,280,340	40.6	48.5
Nevada	37	3,282	28,638,351	1,727	3,784,169	52.6	13.2
New Mexico	51	20,527	62,143,770	9,417	29,959,824	45.9	48.2
Oregon	57	47,919	28,811,354	13,356	8,441,354	27.9	29.3
Utah	41	21,047	23,594,312	11,139	9,755,499	52.9	41.3
Washington	66	70,014	20,793,892	21,544	8,054,388	30.8	38.7
Wyoming	39	10,217	43,999,726	5,647	17,846,176	55.3	40.6
Total	707	379,144	412,894,839	142,360	161,609,586	37.5	39.1
National Total	3,024	4,362,875	1,361,134,783	1,786,384	594,426,913	41.0	43.7



Parallel terraces, as shown in upper photo, delay runoff and reduce erosion after a 6-inch rain in Texas. The lower photo shows parallel contour strip cropping, conservation cropping systems, and grassed waterways controlling erosion and runoff from the watershed above a Minnesota lake.





The North Carolina woodlot shown above illustrates erosion-free access roads essential for timber management and other uses. In the lower photo, trees and shrubs in a Montana windbreak provide protection for the garden and home and food and cover for song birds and other wildlife.





Farmers and sportsmen cooperated in Minnesota to create marsh for ducks and furbearing animals by construction of earthern dike for water impoundment. In lower photo, improved rangeland in South Dakota supports antelope, prarie chickens, and other wildlife as well as livestock.



Conservation Practice Installation Services

The Soil Conservation Service furnishes technical assistance to land users to help them apply planned conservation measures. This includes on-site technical assistance for installation and maintenance of applied practices. More than a hundred soil and water conservation practices are used nationally for erosion control, water management, and improved land use. Vegetative practices are used in appropriate combinations with structural measures. Group job measures are being used more extensively.

Technical help in establishing practices: Conservation treatments are usually scheduled for installation when the cooperator has adequate labor and equipment available, or on a seasonal basis to take advantage of favorable conditions. Thus, timing of technical help is important. Sequence of jobs also must be scheduled, for example: suitable outlets before terrace systems, main drains before lateral ditches, and assistance on the soil and water conservation aspects of subdivision work before grading and shaping begins. Land users provide some help on layout of practices. Unless technical help can be furnished when needed, it is often necessary to delay practice installation until the next year. For these reasons, the application of planned practices is of high priority at certain seasons in most districts. Conservation aids and temporary employees are often used during the peak workload seasons to more nearly meet the increasing demands. Additional employment with state or local funds is encouraged to help process seasonal workloads.

Counseling on financing of conservation work: Some landowners and operators have sufficient capital to pay the costs of practice installation. On a national basis, they finance more than half of the estimated total program costs. Most of them rely on their annual income to finance conservation work and must consider economic returns. Low-income farmers often require loans and local sources of credit to finance practice installation. Soil Conservation Service conservationists counsel with landowners and operators on these matters to help assure that capital investments are made on a sound financial basis to assure long-term benefits.

Technical services with Rural Environmental Assistance Program cost-sharing: Many land users utilized cost-sharing assistance under REAP to finance part of the cost of installing their conservation practices. Frequently, they joined together in "pooling agreements" to solve soil and water conservation problems common to two or more land users.

For certain permanent-type practices, the Soil Conservation Service furnished technical services on determination of need and feasibility, site selection, supervision of practice installation and certification of completed work. During the 1971 program year, 247,897 program participants were provided technical services in response to program referrals received by SCS field offices. About half the cost of this assistance was financed through county transfers authorized to be made from ASCS program funds, and half was absorbed as a part of the regular SCS conservation operations work in districts.

Assistance to Neighborhoods and Communities

The Soil Conservation Service provides technical help to groups of landowners and operators in the planning, design and construction of erosion control and water management jobs that provide community-type benefits. These jobs may involve a few adjoining farms that have closely related conservation problems, land within the watershed of small tributary streams, or an entire community. In the 1972 fiscal year, 3,494 group conservation jobs were planned. Cumulatively, a total of 17,911 such community-type jobs have been prepared under the conservation operations program.

Community benefits include prevention of flood damages, reduction of health hazards, improved water management, outdoor recreation facilities and pollution abatement through sediment control. The costs of such jobs are financed mainly by the cooperating landowners even though many public benefits result from the jobs installed. The work improves sources of municipal water, reduces damages to local roads, structures, and public utilities, and controls sedimentation in reservoirs and streams. There is increasing need for such community-type group jobs in many rural areas whre there is rapid population growth and urban expansion.

Recreation and the Environment

Within the Department, the Soil Conservation Service has leadership in the development of recreation enterprises on nonfederal lands. Approximately 36,100 recreation developments were established or expanded with technical assistance from the Service during FY 1972. Approximately 12 million acres of land have been converted to wildlife-recreation use to date. The Service has provided assistance in the establishment of 9,700 miles of recreation trails and walkways, 123,000 acres of heavy use area protection, and 1,151,000 acres of recreation area improvement. Enhancement of the environment has resulted from the conservation treatment established on farms, ranches, and other lands, roadbanks, streambanks, surface mined areas, and around homesites.

Pollution Abatement

In all of its programs, the Soil Conservation Service emphasizes land use and conservation treatment practices which contribute to pollution abatement. Environmental pollutants, such as dust, stream sediment, plant and animal pesticides and animal waste from farms are reduced by means, such as establishment of trees, shrubs, and grass on eroding areas, installation of debris basins and other structures for sediment control and reduction, and installation of lagoons, holding ponds, irrigation systems and other facilities to safely return animal wastes to agricultural lands.

Some of the direct benefits which accrue to both rural and urban residents are cleaner water, reduction of health hazards, improvement of fish and wildlife habitat, flood prevention and reduction of water purification costs.

Conservation Practices Installed

The following table shows the volume and type of soil and water conservation practices installed by landowners and operators with technical assistance furnished by the Soil Conservation Service in fiscal year 1972. The figures under Conservation Operations include amounts of certain practices installed by Rural Environmental Assistance Program participants with cost-sharing assistance. Most of these individuals were cooperators iwth soil conservation districts. The figures in the last column are estimates of the total soil and water conservation and erosion control practices established on the land as of June 30, 1972 with help from all sources.

Practices	Unit	Installed in 1972 With Assistance Under		Est. 6/30/72 of Total Practices "On the Land"
		Conservation Operations	Other Programs	
Access Road	Miles	2,033	222	23,000
Bedding	Acres	29,093	312	730,000
Brush Control	Acres	3,561,730	528,310	50,594,000
Chiseling & Subsoiling	Acres	759,468	62,492	7,903,000
Clearing & Snagging	Miles	474	12	7,200
Commercial Fish Ponds	Acres	7,131	209	268,000

Practices	Unit	Installed in 1972 With Assistance Under		Est. 6/30/72 of Total Practices "On the Land"
		Conservation Operations	Other Programs	
Conservation Cropping System	Acres	18,876,768	1,250,452	204,906,000
Contour Farming	Acres	2,815,672	257,712	49,520,000
Critical Area Planting	Acres	132,963	46,000	4,857,000
Crop Residue Management	Acres	18,108,599	1,179,014	171,158,000
Dam, Diversion	No.	277	83	27,000
Dam, Multiple-purpose	No.	224	40	7,000
Dam, Multiple-purpose	Ac.Ft.	226,325	108,291	15,203,000
Debris Basin	No.	2,453	518	78,000
Deferred Grazing	Acres	12,377,673	622,789	77,829,000
Dike	Miles	313	20	12,000
Disposal Lagoon	No.	1,593	23	3,700
Diversion	Miles	1,866	356	99,000
Drain	Miles	20,751	1,372	859,000
Drainage Field Ditch	Miles	4,328	163	186,000
Drainage Land Grading	Acres	26,565	1,648	803,000
Drainage Main or Lateral	Miles	4,430	222	373,000
Farmstead & Feedlot Windbreak	Acres	41,534	1,646	837,000
Fencing	Miles	3,752	1,385	493,000
Field Border	Miles	1,059	64	46,000
Field Windbreak	Miles	3,156	208	95,000
Firebreak	Miles	3,238	182	31,000
Fish Raceway	Feet	47,754	960	176,000
Fish Stream Improvement	Feet	102,745	4,925	1,836,000
Fishpond Management	No.	57,345	5,039	641,000
Floodwater Diversion	Feet	43,483	31,076	1,524,000
Floodwater Retarding Structure	No.	189	244	11,000
Floodwater Retarding Structure	Ac.Ft.	6,466	165,987	5,680,000
Floodway	Feet	48,176	955	4,284,000
Grade Stabilization Structure	No.	10,578	2,603	222,000
Grassed Waterway or Outlet	Acres	71,262	8,178	2,096,000
Grazing Land Mechanical Treatment	Acres	16,188	14,189	1,434,000
Heavy Use Area Protection	Acres	2,189	215	123,000
Hedgerow Planting	Miles	337	20	24,000
Hillside Ditch	Miles	77	9	3,160
Holding Ponds and Tanks	No.	1,913	19	3,900
Irrigation Canal or Lateral	Miles	159	12	49,500
Irrigation Ditch and Canal Lining	Miles	965	20	33,000
Irrigation Field Ditch	Miles	1,423	48	127,000
Irrigation Land Leveling	Acres	282,376	13,752	11,267,000
Irrigation Pipeline	Miles	4,540	104	88,000
Irrigation Pit or Regulating Reservoir	No.	1,155	43	50,000
Irrigation Storage Reservoir	No.	188	13	41,000
Irrigation Storage Reservoir	Ac.Ft.	10,455	1,660	8,918,000
Irrigation System Sprinkler	No.	3,740	127	131,000
Irrigation System Sprinkler	Acres	290,816	7,013	7,805,000
Irrigation System, Surface and Subsurface	No.	4,394	46	156,000
Irrigation System, Surface and Subsurface	Acres	406,497	3,427	15,144,000
Irrigation System, Tailwater Recovery	No.	1,673	57	17,000
Irrigation Water Management	Acres	3,399,745	74,638	21,331,000
Land Smoothing	Acres	186,443	13,131	7,159,000
Livestock Exclusion	Acres	418,304	47,247	13,821,000

Practices	Unit	Installed in 1972 With Assistance Under		Est. 6/30/72 of Total Practices "On the Land"
		Conservation Operations	Other Programs	
Minimum Tillage	Acres	2,183,920	104,937	24,073,000
Mulching	Acres	47,416	3,345	766,000
Open Channel	Miles	235	384	16,000
Pasture and Hayland Management	Acres	10,132,117	859,900	65,972,000
Pasture and Hayland Planting	Acres	2,715,482	398,737	70,502,000
Pipeline	Miles	2,352	1,060	34,000
Planned Grazing Systems	Acres	6,421,492	138,144	36,724,000
Pond	No.	50,466	2,873	1,888,000
Prescribed Burning	Acres	433,180	22,661	4,746,000
Proper Grazing Use	Acres	54,196,187	2,886,049	257,402,000
Pumping Plant for Water Cont.	No.	2,983	66	86,000
Range Seeding	Acres	320,914	120,797	15,885,000
Recreation Area Improvement	Acres	47,513	4,482	1,151,000
Recreation Land Grading & Shaping	Acres	38,012	602	478,000
Recreation Trail & Walkway	Miles	524	181	9,700
Spring Development	No.	3,328	217	129,000
Stock Trails & Walkways	Feet	328,115	7,282	22,711,000
Streambank Protection	Miles	167	83	8,500
Stream Channel Stabilization	Miles	28	4	1,035
Stripcropping	Acres	343,424	70,465	23,328,000
Structures for Water Control	No.	62,875	2,789	2,026,000
Terrace, Basin	Miles	83	73	2,100
Terrace, Gradient	Miles	8,385	1,315	779,000
Terrace, Level	Miles	5,355	1,423	387,000
Terrace, Parallel	Miles	4,341	1,428	81,000
(Total, Terraces)	Miles	(18,164)	(4,239)	(1,249,100)
Toxic Salt Reduction	Acres	42,520	172	1,478,000
Tree Planting	Acres	357,867	40,576	19,711,000
Trough or Tank	No.	9,724	2,117	510,000
Waterspreading	Acres	122,918	2,551	1,135,000
Well	No.	5,469	1,159	555,000
Wildlife Upland Habitat Mgmt.	Acres	6,830,021	280,628	39,718,000
Wildlife Wetland Habitat Mgmt.	Acres	445,098	36,258	4,642,000
Wildlife Watering Facility	No.	1,672	106	23,000
Woodland Direct Seeding	Acres	12,235	1,242	728,000
Woodland Improved Harvesting	Acres	1,276,878	63,610	31,000,000
Woodland Improvement	Acres	336,959	28,864	15,721,000
Woodland Pruning	Acres	11,466	1,087	140,000
Woodland Site Preparation	Acres	243,751	4,732	4,588,000
Land Adequately Treated	Acres	30,565,068	3,602,031	- -
Land Adequately Protected	Acres	- -	- -	758,000,000

Snow Survey and Water Supply Forecasting Activity

Snow surveys are conducted in cooperation with other federal, state and local agencies, irrigation and power companies, and the Province of British Columbia for the purpose of measuring the high mountain snow pack and relating this to summer stream flow. The economic impact of advance information on potential water supply in the arid areas of the West creates an increasing demand for snow surveys. Snow-fed streams in the West provide 70 percent of the water supply for agriculture, industry, municipal uses, recreation, fish and wildlife and other purposes. SCS operates a network of snow courses and related data collection sites in the Western States and Alaska. Depth and water content of snow and other related data are systematically collected on a set schedule from 1,600 high mountain snow courses.



Snow surveys in the West are helpful in forecasting water supplies. Upper photo shows SCS snow surveyors climbing slopes of Mt. Hood in Oregon. Trips such as this over rugged terrain subject to avalanches require safety skills, fitness, and stamina. Automatic radio telemetry installations, similar to the one shown below at an elevation of 11,500 feet in southern Utah, have already been installed at about 40 locations in the West to reduce the hazard travel required for manual snow measurements.





In upper photo, surface mined areas in West Virginia are being fertilized and seeded by helicopter to increase the plant cover for soil stabilization. Steep cut banks in lower photo are stabilized with Hall's honeysuckle and bark mulch. Area is being developed for an electric power substation in Maryland.





Grasses selected and tested at SCS plant materials centers provide many benefits. 'Selection 75' kleingrass shown in photo above is being established on a Texas ranch for beef production. Commercial growers began to raise this plant for seed in 1968. Over one million dollars worth of this seed was produced by Texas growers in 1972 in fields such as the one shown in the photo to the right.



Approximately 200 are read from aerial markers and data is obtained by 40 automated telemetry systems. Additional data is obtained from about 200 moisture stations and 300 mountain precipitation gages. These basic data permit the development of seasonal forecasts of water supply expected at some 465 locations along the river systems and the inflow to downstream reservoirs.

Data are gathered by SCS personnel and cooperating agencies who travel to remote areas on skis, over-snow machines and aircraft. Collection of such data with automatic electronic devices has proven practical by the operation of approximately 40 pilot installations for several years.

The following table shows accomplishments in the 1972 fiscal year:

Item	Number
Snow course measurements	7,502
Aerial snow marker readings	889
Mountain precipitation gage readings	2,006
Soil moisture station readings	1,297
Numerical forecasts issued	2,863

Plant Materials Centers

Plant materials centers are located in selected plant growth regions of the country. They are operated to meet the needs for improved vegetation in various watershed, resource development, highway, wildlife and other conservation programs concerned with erosion, water control, and land use. Seventeen of the centers are operated by the Soil Conservation Service and three by cooperating agencies. They are located as follows:

Operated by Soil Conservation Service:

Tucson, Arizona
Lockeford, California
Brooksville, Florida
Molokai, Hawaii
Aberdeen, Idaho
Manhattan, Kansas
Quicksand, Kentucky
Beltsville, Maryland
East Lansing, Michigan
Coffeeville, Mississippi
Elsberry, Missouri
Bridger, Montana
Cape May Courthouse, New Jersey
Big Flats, New York
Corvallis, Oregon
Knox City, Texas
Pullman, Washington

Operated by cooperating agencies:

Americus, Georgia (University of Georgia)
Los Lunas, New Mexico (New Mexico State University)
Bismarck, North Dakota (North Dakota Association of Soil Conservation Districts)

Plant Materials Testing and Production

The main functions of the plant materials centers are to:

1. Assemble, evaluate, select, and increase desirable seed and plants.

2. Determine reliable cultural and management methods for use in soil and water conservation programs.

3. Get proven materials into production by farmers and ranchers, and by commercial growers as soon as practical.

Much of the work under this activity is carried out in cooperation with state and federal experiment stations and state departments of conservation and game.

The final evaluation of new plants and cultural methods is made on farms and ranches in conservation districts and in tests conducted with the public agencies responsible for highways and beaches.

Many useful plant materials have been developed through activities of the centers for such purposes as:

1. Stabilization of critical erosion areas, such as pond margins, road banks and surface mine spoils.

2. Providing cover for soil protection and sediment control.

3. Revegetating droughty sites, such as those common on Western range lands.

4. Improving wetlands, vegetating saline soils and beach sands.

5. Providing wildlife food and cover, recreation area stabilization, protection, and beautification.

Beneficial Uses of Plant Materials

Most of the plant introductions developed are adapted to soil and site conditions on which it is difficult to establish vegetative cover. There is a continuing need for the selection and testing of improved plants that are adapted to such special uses. Increased emphasis has been given in recent years to shrubs and plants useful in fire control, highway erosion control, sand dune stabilization, rural beautification and wildlife habitat, beach erosion control, recreation area stabilization, and strip mine rehabilitation.

Shrubs developed by the Soil Conservation Service are providing valuable wildlife food and cover and are reducing damaging sediment yields from surface mined lands and spoils. 'Cardinal' autumn-olive, released only a few years ago by the Service, and 'Arnot' bristly locust now helps stabilize acid and highly erosive surface mine spoils and highway banks, and improve the quality of the environment by screening unsightly areas, reducing sediment yield, and beautifying the landscape with lush green foliage and bright pink clusters of flowers.

'Emerald Sea' shore juniper was recently released in Maryland for sand dune stabilization and ground cover plantings on sandy and saline sites. Commercial nurseries are now producing this plant for use where a low-growing, salt-tolerant evergreen ground cover is needed.

In the South, 'Selection 75' kleingrass was released in 1968 for use as a high forage producing perennial grass for the most of the State of Texas. At least 100,000 acres have been planted since the variety was released. It is adapted to soils ranging from heavy clays to coarse sands but grows best under dry land conditions on sandy loam to clay soils. In 1972 about 4,000 acres were harvested for the commercial seed trade; retail value slightly over one million dollars. The annual forage production ranges from 4,500 pounds to 10,000 pounds per acre. At an average production of 6,000 pounds per acre, with forage priced at $10 per ton, the forage value produced in 1972 was about three million dollars.

Records show that the annual commercial seed production of the improved grasses developed and released by just one of the plant materials centers in the West is in excess of two million pounds. The value of this seed is over $1,000,000 a year, or more than the cost of operating that particular center for 15 years. New conservation plant materials are contributing to the economy of all regions of the country by reducing damages caused by erosion and by providing improved forage or other plant growth of economic or esthetic value.

(b) River Basin Surveys and Investigations

Appropriation Act, 1973	$11,607,000
Budget Estimate, 1974	12,351,000
Increase in Appropriation	+744,000

Adjustments in 1973:		
Appropriation Act, 1973	$11,607,000	
Transfer to General Services Administration for rental of space	4,000	
Adjusted base for 1974		11,603,000
Budget estimate, 1974		12,351,000
Increase in appropriation		+748,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1972	1973 (Estimate)	Increase or Decrease	1974 (Estimate)
1. River basin surveys & investigations	$10,081,735	$11,603,000	+$748,000 (1)	$12,351,000
Total available or estimate	10,081,735	11,603,000 a/	+ 748,000	12,351,000
Transfer to GSA	+9,265	+4,000		
Total, appropriation	10,091,000	11,607,000		

PROJECT STATEMENT
(On basis of available funds)

Project	1972	1973 (Estimate)	Increase or Decrease	1974 (Estimate)
1. River basin surveys & investigations	$9,773,022	$12,346,556	+$160,444 (1)	$12,507,000
Total obligations	9,773,022	12,346,556	+ 160,444	12,507,000
Unobligated balance brought forward	-590,843	-899,556	+ 743,556	-156,000
Unobligated balance carried forward	899,556	+156,000	- 156,000	- -
Total available or estimate	10,081,735	11,603,000 a/	+ 748,000	12,351,000

a/ Includes $156,000 withheld from use in 1973 principally from funds budgeted for travel. This amount will be carried forward for obligation and reduces the amount of new budget authority required in 1974.

(1) An increase of $748,000 in appropriation for River Basin Surveys and Investigations ($11,603,000 appropriated in 1973).

The program increase of $160.444 will permit an increase in the number of flood hazard studies undertaken in 1974, permit SCS to assume financing of the Hawaii Regional Plan and the Connecticut Supplemental Study which are being funded in 1973 by the Corps of Army Engineers, Department of the Army, and to participate in the initiation of comprehensive detailed surveys on the Maumee and Minneapolis-St Paul River Basins.

The following tabulation shows the number of surveys and obligations by type of survey for fiscal years 1972, 1973, and 1974.

(Dollars in thousands)

Explanation	1972 Actual		1973 Estimate		1974 Estimate	
	No.	Amount	No.	Amount	No.	Amount
1. Type of survey and amounts obligated:						
(a) Comprehensive Framework Surveys:						
(1) Surveys started during year	0	- -	0	- -	0	- -
(2) Continuing prior year surveys	9	448	4	154	1	- -
(3) Surveys completed during year	(5)	(100)	(3)	(- -)	(1)	- -
Total Comprehensive Framework Surveys	9	448	4	154	1	- -
(b) Comprehensive Detailed Surveys:						
(1) Surveys started during year	2	- -	2	- -	2	88
(2) Continuing prior year surveys	5	376	5	927	6	805
(3) Surveys completed during year	(2)	(37)	(1)	(- -)	(0)	(- -)
Total Comprehensive Detailed Surveys	7	376	7	927	8	893
(c) Surveys in cooperation with state & other federal agencies:						
(1) Surveys started during year	8	748	9	901	9	356
(2) Continuing prior year surveys	41	6,581	48	7,668	48	8,508
(3) Surveys completed during year	(1)	(65)	(9)	(415)	(9)	893
Total Cooperative Surveys	49	7,329	57	8,569	57	8,864
Total, Surveys and obligations	65	8,153	68	9,650	66	9,757
2. Interregional economic analysis	XX	317	XX	312	XX	200
3. Flood hazard analysis	XX	357	XX	690	XX	850
4. Interagency coordination and program formulation	XX	946	XX	1,695	XX	1,700
Total obligations	XX	9,773	XX	12,347	XX	12,507

STATUS OF PROGRAM

Current Activities: Section 6 of the Watershed Protection and Flood Prevention Act (Public Law 566, 83rd Congress), as amended (16 U.S.C. 1001-1008) provides for cooperation with other federal, state, and local agencies in making investigations and surveys of the watersheds of rivers and other waterways as a basis for the development of coordinated programs. Reports of the investigations and surveys are prepared to serve as a guide for the development of agricultural, rural, and upstream watershed aspects of water and related land resources and as a basis for coordination of this development with downstream and other phases of water development.

Interagency Coordination

Interagency coordination and program formulation in water and related land resources are achieved at the federal level through the Water Resources Council. The Secretary of Agriculture is a member of the Council. The Council maintains a number of standing committees, technical committees, and ad hoc work groups on which the Department is represented. At the field level, coordination is achieved through River Basin Commissions, Interagency Committees, or ad hoc coordinating committees. The Soil Conservation Service provides the Department member for each of these coordinating groups.

Surveys and Investigations

As its part in cooperative river basin surveys and investigations, the Department analyzes and projects the agricultural, forestry, and related economics of the basin, including the use of land and water, and their relationship to the total economy of the basin or region. It studies and investigates agricultural, rural, and upstream water and related land resources and problems to determine corrective actions needed and potentials for development. Evaluations include studies of erosion, floodwater, and sediment damage to rural lands and properties, impaired drainage of agricultural lands, agricultural drought problems and irrigation requirements, water needs for livestock and rural domestic use, recreation, fish and wildlife, forest-based industries, and municipal and industrial potential.

The inventories and analyses of potential water and related land resource developments in upstream watersheds include water storage capacity, the effect of land use and management practices on water quality and flow characteristics, and the potential hydrologic effect of agricultural, rural, and upstream watershed development. Consideration also is given to the effects of potential water resource development projects on lands and programs administered by the Department.

The Department participates in the formulation of coordinated comprehensive plans for, or approaches to, water and related land resource developments. It is particularly concerned with upstream watershed projects and their relationship to major mainstem works of other agencies.

There are three types of investigations and surveys conducted--the comprehensive framework surveys of water resource regions, comprehensive detailed river basin surveys, and cooperative river basin surveys. The first two types are carried out jointly by the concerned Federal Departments and the involved states and are coordinated at the federal level by the Water Resources Council. Cooperative surveys are carried out at the request of state agencies or, in some cases, other federal agencies and are coordinated at the state level.

Program Assignments

The Soil Conservation Service has leadership responsibility for administration of river basin planning work authorized under Section 6 of the Watershed Protection and Flood Prevention Act, including the development of general principles, criteria, and procedures; determination of land resources availability and land uses; appraisals of physical problems and development needs; determination of development potential of upstream watersheds; and program coordination with the Water Resources Council and member agencies.

The Forest Service is responsible for aspects of river basin planning relating to woodlands and forested lands, both Federal and non-Federal, and rangelands administered within or in conjunction with National Forests and for the analysis and projection of economic activity related to forest industries.

The Economic Research Service is responsible for basin-wide economic aspects of planning; developing agricultural economic base information and projections of agricultural production, employment, income, rural population and land use for the economic analysis of agricultural water management needs and potentials; and evaluates the economic impact of water resource development plans on agriculture and related sectors of the economy.

Other agencies in the Department participate in reviews and provide inputs where items of concern to the agency are involved.

Selected Examples of Recent Progress:

Agency Participation

The following table shows the amounts of funds obligated for river basin investigations and coordination in 1972 and estimates for 1973 and 1974 by agency:

Agency	1972 Obligations	1973 Estimate	1974 Estimate
Soil Conservation Service	$6,559,236	$8,795,556	$8,923,000
Economic Research Service	1,855,624	2,058,000	2,076,000
Forest Service	1,358,162	1,493,000	1,508,000
Total	9,773,022	12,346,556	12,507,000

Status of River Basin Surveys

Comprehensive Framework Surveys.
The Senate Select Committee on National Water Resources formed in 1959 recommended, and in 1962 the Administration adopted the objective, that surveys and investigations be made of all the river basins of the country by 1970. As a result, the Water Resources Council and the Office of Management and Budget established a schedule for the completion of comprehensive framework surveys of the 21 major water resource regions encompassing the Nation (including Alaska and Hawaii). Twelve surveys in 14 of these regions have been initiated and eight have been completed. No funding for this type of survey is planned for 1974.

Comprehensive Detailed Surveys.
Twenty comprehensive detailed river basin surveys have been scheduled by the Water Resources Council and the Office of Management and Budget. Fifteen of these surveys essentially have been completed and one is scheduled to be completed at the end of fiscal year 1973.



River basin surveys and investigations identify and appraise resource problems and potential solutions. Studying watersheds within river basins helps to identify solutions to interrelated river basin problems. Subsequent project and program actions help to strengthen rural America as well as provide opportunities for recreation, water supply, fish and wildlife improvement, and water quality. Photo above shows a flood-retarding structure providing flood protection and recreation in Garrett County, Maryland. Prior to 1957, fish could not survive in the excessively muddy water of Muddy Creek in York County, Pennsylvania, (photo below). The installation of upstream conservation treatment reduced sediment to the point where this stream has provided good fishing since the first successful stocking in 1957.



Cooperative Surveys with States and Concerned Federal Agencies.
In addition to participating in these federally coordinated comprehensive surveys, the Department has carried on cooperative surveys with state and concerned federal agencies which are preparing or updating their water resource plans to help them coordinate upstream and downstream elements of needed water and related land resource developments. In most cases, cooperative surveys are as detailed as the surveys for regional and river basin plans. Since 1960, the Department has participated in 82 cooperative surveys and has completed 26.

Early indications from framework studies are that approximately 200 river sub-basins will require detailed comprehensive surveys or cooperative surveys. The Department of Agriculture will need to participate in these to assure proper consideration and development of rural, agricultural, and upstream areas along with major reservoir developments of state, private, and other federal agencies.

Flood Hazard Analyses

The Soil Conservation Service is assisting state and local agencies in making flood hazard investigations on selected stream reaches in accordance with the provisions of House Document No. 465, 89th Congress, 2d Session, Recommendation 9(c). This recommendation provides that limited technical assistance should be given state and local planners in the preparation of flood plain regulations and the application of flood data for assessing flood plain location. Preliminary reports are being prepared for guidance in areas where assistance is needed before a full flood hazard information report can be prepared in accordance with Recommendation 9(c) or where a full report is not scheduled. The studies are based on a plan of work which is developed with the appropriate state agency and compatible with the flood hazard study plans of the Corps of Engineers.

During fiscal year 1972 assistance was provided to 17 states, namely: Colorado, Connecticut, Indiana, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, New Hampshire, Ohio, Oregon, Rhode Island, Utah, Vermont, and Wisconsin. Requests for this type of service are being received from many additional states. It is expected that the level of activity of this program must be significantly increased to meet state needs and to conform to the objectives stated in House Document No. 465. The proposed program for fiscal year 1974 is about 23 percent higher than the level of program activity carried out during fiscal year 1973.

Progress by Types of River Basin Surveys

Status of river basin studies	1972 Actual	1973 Est.	1974 Est.
Initiated, current fiscal year:			
Framework Studies and Assessments	0	0	0
Regional or River Basin Surveys	10 1/	11 4/	11
Flood Hazard Analyses (Studies)	13	11	16
Initiated, cumulative at June 30:			
Framework Studies and Assessments	12	12	12
Regional or River Basin Surveys	94	105	116
Flood Hazard Analyses (Studies)	21	32	48
Completed, current fiscal year:			
Framework Studies and Assessments	5	3	1
Regional or River Basin Surveys	3	10	9
Flood Hazard Analyses (Reports)	4	10	13

Status of river basin studies (cont'd)	1972 Actual	1973 Est.	1974 Est.
Completed, cumulative at June 30:			
Framework Studies and Assessments	8	11	12
Regional or River Basin Surveys	41 2/	51	60
Flood Hazard Analyses (Reports)	6	16	29
Work in progress at June 30:			
Framework Studies and Assessments	4	1	0
Regional or River Basin Surveys	53 3/	54	56
Flood Hazard Analyses (Studies)	15	16	19

1/ Includes three studies financed with funds from Corps of Engineers through Water Resources Council which are now included in this appropriation. Platte River in Nebraska, $70,000 - Pacific Northwest Comprehensive Coordinated Joint Plan, $8,000 - Long Island Sound, $6,000.

2/ In addition, there have been 24 interim reports completed in the Colorado River, Oregon River, Sevier River, Florida Rivers and Central Lahontan Studies.

3/ Includes review studies of Cape Fear, Yazoo-Mississippi, and Tombigbee River Basin.

4/ Includes the Hawaiian Water Resources Regional Study financed with funds ($50,000) from Corps of Engineers through Water Resources Council. For years beyond FY 1973 it is included in this appropriation.

List of River Basin Surveys

The following tabulation shows the river basin surveys, states involved, cooperating agencies, and actual or estimated obligations:

(Dollars in thousands)

River Basin or Region	States Involved	Cooperating Agencies	Obligations 1972 Actual	1973 Estimate	1974 Estimate
Comprehensive Framework Surveys					
Ohio River Region	Pa., N.Y., Va., W.V., Tenn, Oh., Ind., Ill., Md., N.C., & Ky.	Other Federal	$3	--	--
Missouri River Region	Colo., Iowa, Kan., Minn., Mo., Mont., Nebr., ND., SD., Wyo.	Other Federal	6	--	--
Upper Mississippi River Region	Minn., Wisc., Iowa., Mo., Ill., Ind. & SD.	Other Federal	7	--	--
Columbia-North Pacific Region	Wash., Ore., Idaho, Mont., Utah, Nev., Wyo.	Other Federal	41	--	--
North Atlantic Region	Conn., Del., Me., Md., Mass., N.H., N.J., N.Y., Pa., R.I., Vt.	Other Federal	48	--	--
California Region	California & Oregon	Other Federal	26	--	--
Lower Colorado Region	Ariz., Nev., N.M., Utah & Calif.	Other Federal	-11	--	--
Upper Colorado Region	Ariz., Colo., N.M., Utah, Wyo., & Calif.	Other Federal	-10	--	--

List of River Basin Surveys (cont'd)

(Dollars in thousands

River Basin or Region	States Involved	Cooperating Agencies	Obligations 1972 Actual	1973 Estimate	1974 Estimate
	Comprehensive Frameworks Surveys (cont'd):				
Great Lakes Region	N.Y., Pa., Oh., Mich. Ind., Ill., Minn., Wisc.	Other Federal	$89	--	--
Souris-Red Region	N.D., Minn., S.D.	Other Federal	3	--	--
Great Basin Region	Nev., Utah, Idaho, Wyo., & Calif.	Other Federal	45	--	--
Lower Mississippi River Region	Ark., Ill., Ky., La., Miss., Mo., & Tenn.	Other Federal	201	154	--
Subtotal, Comprehensive Framework Surveys			448	154	--
	Comprehensive Detailed Surveys				
Pearl River Basin	Mississippi & Louisiana	State & Other Federal	3	--	--
Wabash River Basin	Oh., Ind., & Ill.	Other Federal	31	--	--
Kanawha River Basin	W.V., Va., & N.C.	Other Federal	6	--	--
Red River Below Denison Dam	La., Ark., Okla., & Texas	Other Federal	-4	--	--
Red River	N.D. & Minn.	Other Federal	216	--	--
Southeastern New England Region	Mass., R.I., & Conn.	Other Federal	98	216	115
Long Island Sound	Conn., & New York	Other Federal	31	193	124
Platte River	Nebraska	State & Other Federal	-5 1/	187	196
Pacific Northwest CCJP	Ore., Wash., Idaho, Mont., Wyo.	State & Other Federal	-- 1/	331	220
Hawaii Regional Plan	Hawaii	State & Other Federal	--	-- 2/	130
Conn. Supplemental	Connecticut	State & Other Federal	--	-- 2/	20
Maumee	Ind., Mich., Oh.	State & Other Federal	--	--	70
Minn. St Paul	Minnesota	State & Other Federal	--	--	18
Subtotal, Comprehensive Detailes Surveys			376	927	893
	Cooperative Surveys with States and Concerned Federal Agencies				
Cape Fear	North Carolina	Corps of Engineers	45	5	--
Yazoo-Mississippi River Delta	Mississippi	State	102	113	126
Sevier Lake Drainage	Utah	State	129	54	--
Tombigbee	Miss. & Ala.	State	100	176	181
Oregon Rivers	Oregon	State	148	136	186

1/ Financed in 1972 with funds advanced by the Corps of Engineers, Department of Army.

2/ Financed in 1973 with funds advanced by the Corps of Engineers, Department of Army.

List of River Basin Surveys (cont'd)

(Dollars in thousands)

River Basin or Region	States Involved	Cooperating Agencies	Obligations 1972 Actual	1973 Estimate	1974 Estimate
	Cooperative Surveys with States and Concerned Federal Agencies (cont'd)				
Colorado Rivers	Colorado	State	$150	$185	$235
Florida Rivers	Florida	State	175	253	258
North Coastal River Basin	California & Oregon	State	65	3	--
Big Sioux	South Dakota	State	58	--	--
Coastal & Independent Streams	Mississippi & Louisiana	State	3	--	--
Arkansas River in Kansas	Kansas	State	19	10	--
Upper Rio Grand	New Mexico	State	84	18	--
Central Lahontan	Nevada & California	State	207	257	220
Lower Rio Grand	Texas	State	3	--	--
Elkhorn, Big Blue, Nemaha & Niobrara Rivers	Nebraska	State	111	35	--
James River	Virginia	Corps of Engineers	61	39	--
Santee River	South & North Carolina	State	120	22	--
Western New York Basins	New York	State	179	69	--
Muskingum River Basin	Ohio	Corps of Engineers	153	141	118
Bayou Meto	Arkansas	Corps of Engineers	120	5	--
Southeast Michigan River	Michigan	Corps of Engineers	183	142	105
Southwest Washington Rivers	Washington	State	174	149	163
Southeast Wisconsin Rivers	Wisconsin	State	218	174	
Southwest Louisiana Rivers	Louisiana	State	184	84	
Republican River	Nebraska	State	57	54	61
Green & Kentucky Rivers	Kentucky & Tennessee	State	123	164	172
Massachusetts Water Resources Study	Massachusetts	State	197	146	136
Hawaiian Rivers	Hawaii	State	126	165	101
Wind, Big Horn, Clarks Fork, & Green Rivers	Wyoming & Montana	State	420	197	225
Blackwater Lomaine	Missouri	State	191	187	124
Southwest Ohio	Ohio	State	127	135	143
Texas Coastal Basins	Texas	State	216	213	213
Black Warrior Alabama	Alabama	State	204	196	198
Ashley-Combahee-Edisto	South Carolina	State	98	193	191
St. Francis	Arkansas & Missouri	State	158	168	--
Southern Minnesota Rivers	Minnesota	State	206	204	215
Kankakee-Elkhart	Indiana	State	227	207	210
Eastern New York	New York	State	148	206	223
Iowa-Cedar Rivers	Iowa	State	183	204	207
Obion-Forked Deer	Tennessee	State	219	219	210
Monongahela	West Virginia	State	173	190	188
Santa Cruz-San Pedro	Arizona	State	204	211	240
San Gabriel	California	State	43	92	42

List of River Basin Surveys (cont'd)

(Dollars in thousands)

River Basin or Region	States Involved	Cooperating Agencies	Obligations 1972 Actual	1973 Estimate	1974 Estimate
	Cooperative Surveys with States and Concerned Federal Agencies (cont'd)				
Western Water Planning.	Colo., N.M., Ariz., Utah, Calif., Ore., Wash., Mont., Idaho Wyo., Nev.	Bureau of Reclamation	$389	$520	$324
Chicago Metro River Basin	Illinois - Chicago	Chicago MSD	79	356	364
Bear River	Utah, Wyo., Idaho	State	111	183	257
Snake River	Idaho & Wyoming	State	81	205	244
Tar-Neuse Rivers	North Carolina	State	88	214	216
West S.D. Rivers Area	South Dakota	State	82	153	176
Clark Fork	Montana	State	54	145	217
San Joaquin	California	State	176	230	296
Arkansas-White, Red, New Mexico	New Mexico	State	75	152	209
Pocatalico	West Virginia	State	81	89	56
Appalachian Water Resource Survey	N.C., Oh., Pa., S.C., Tenn., Ala., Ga., Ky., Md., N.Y., Va., & W.V.	State	2	--	--
Red River Above Denison Dam	Oklahoma, Texas	State	--	170	237
Chowan	Virginia	State	--	68	135
Upper Columbia River	Washington	State	--	28	126
North Platte River	Wyoming	State	--	29	94
Kalamazoo River	Michigan	State	--	57	116
Saco River	Maine	State	--	90	80
Ouachita River	Arkansas, Louisiana	State	--	217	363
Chesapeake Bay Drainage Area(Eastern Shore)	Maryland, Delaware	State	--	25	87
Cooperative Resource Assess & Support Activities		21 States who Serve as USDA Regional Leaders	--	217	220
Pennsylvania Analt-Summary	Pennsylvania	State	--	--	76
Wisconsin River	Wisconsin	State	--	--	171
Grand-Platte-Mo	Missouri	State	--	---	109
Subtotal, Cooperative Surveys			7,329	8,569	8,864
Total River Basin Surveys			8,153	9,650	9,757
Interregional Economic Analysis			317	312	200
Flood Hazard Analysis			357	690	850
Interagency Coordination & Program Formulation			946	1,695	1,700
TOTAL OBLIGATIONS RIVER BASIN SURVEYS			9,773	12,347	12,507

Typical River Basin Surveys and Flood Hazard Analyses

The following examples are representative of the surveys and investigations being carried out by the Department in river basin surveys:

Lower Mississippi Region - Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, Tennessee: The Department is participating in a comprehensive framework survey of the Lower Mississippi River Basin in cooperation with the Departments of the Army; Health, Education, and Welfare; Transportation; Interior; Commerce; Housing and Urban Development; the Federal Power Commission; the Environmental Protection Agency; the seven concerned states; and local governments. Field coordination is provided through a coordinating committee composed of representatives of each state and Federal agencies. The studies and investigations will consider the overall problems and needs for development of water and related land resources based on the demands of the economy of the area and the desires of the local entities. Alternative approaches to meeting the needs and alleviating the problems will be examined. The study will also develop a blend of programs that best reflects the needs of the basin and provides a framework within which future detailed studies and project developments can be carried out. The Soil Conservation Service, Forest Service, and Economic Research Service are participating agencies for the Department. This study was initiated in fiscal year 1970 and is scheduled for completion in fiscal 1973.

Long Island Sound - Connecticut and New York: The Department is participating in a comprehensive detailed survey of the water and related land resources of Long Island Sound in cooperation with the New England River Basins Commission, the two states, local governments, and federal departments represented on the Commission. Field coordination is provided through the Commission. The study is to identify and recommend actions to be taken by government and private interests to secure for the region the full range of uses and benefits which can be provided by balanced conservation and development of the Sound's water and related land resources. It will explore the ways in which water and related land management can help meet the needs for viable social and economic open space, and beauty. The survey is structured to provide for participation of the general public and the research community through two special committees which will advise the study manager. The Soil Conservation Service, Forest Service, and Economic Research Service are participating in the study for the Department. The study, initiated in fiscal year 1971, is scheduled for completion in fiscal 1975.

San Joaquin Valley Basin (Cooperative Survey) - California: In cooperation with the California Department of Water Resources, the Department is conducting a survey and investigation of the water and related land resources of the San Joaquin basin. The study area includes 18.3 million acres with a population exceeding 1.4 million. One-third of California's farmlands and farms are in the Basin and represent about 42 per cent of the total cropland harvested in California. The gross value of agricultural output from this basin in 1970 was $1.7 billion. The investigation will provide valuable information on the alternative possibilities for achieving optimum use of the basin's resources. Portions of the basin have serious flood problems in urban as well as agricultural areas. Irrigation diversions, canals, and systems are damaged by flooding and sediment deposition. About 682,000 acres are flooded annually. Water supplies are inadequate for rural communities, irrigation, and rural domestic and livestock needs in several areas. The area has recreation, fishing, and wildlife resource potentials that need to be planned and developed for use. The survey will provide valuable information to guide decisionmakers in selecting alternative courses of action which include consideration of environmental, regional and national needs. The Soil Conservation Service, Forest Service, and Economic Research Service are participating in the study for the Department. Present schedules call for the completion of the study in 1977.

Flood Hazard Analyses-Leesburg & Vicinity, Virginia: The SCS is carrying out flood hazard analyses on Tuscarora Creek and tributaries in and adjacent to Leesburg, Virginia, in accordance with a Joint Coordination Agreement with the Division of Water Resources, Virginia Department of Conservation and Economic Development. The study was jointly requested by the Town of Leesburg and the Loudoun County Board of Supervisors through the state agency. The city and county are cooperating in the development of this report by providing approximately one-half of the total funds to accelerate the study. The flood hazard and other technical data to be furnished Loudoun County and the Town of Leesburg are needed in their flood plain land use and management programs in this rapidly expanding rural-urban area. The SCS will furnish flood profiles, elevation-frequency data, and maps showing the areas subject to inundation by certain frequency floods, such as the 50-, 100-, and 500-year flood events. Flood hazard studies in this community and throughout Virginia are being carried out by the SCS under mutual agreement by Federal agencies and the responsible state agency in accordance with Recommendation 9(c) of House Document No. 89-465.

(c) Watershed Planning

Appropriation Act, 1973		$7,622,000
Budget Estimate, 1974		7,053,000
Decrease in Appropriation		-569,000
Adjustments in 1973:		
Appropriation Act, 1973	$7,622,000	
Transfer to General Services Administration for rental of space	- 3,000	
Adjusted base for 1974		7,619,000
Budget estimate, 1974		7,053,000
Decrease in appropriation		-566,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1972	1973 (Estimate)	Increase or Decrease	1974 (Estimate)
1. Small watershed project investigations and planning	$6,730,090	$7,619,000	-$566,000(1)	$7,053,000
Total available or estimate	6,730,090	7,619,000[a/]	- 566,000	7,053,000
Transfer to GSA	+9,910	+3,000		
Total, appropriation	6,740,000	7,622,000		

PROJECT STATEMENT
(On basis of available funds)

Project	1972	1973 (Estimate)	Increase or Decrease	1974 (Estimate)
1. Small watershed project investigations and planning	$6,723,910	$7,402,292	+$219,708(1)	$7,622,000
Unobligated balance brought forward	-346,112	-352,292	- 216,708	- 569,000
Unobligated balance carried forward	+352,292	+569,000	- 569,000	- -
Total, available or estimate	6,730,090	7,619,000[a/]	- 566,000	7,053,000

a/ Includes $569,000 withheld from use in 1973 ($69,000 has come principally from funds budgeted for travel). This amount will be carried forward for obligation to reduce the amount of new budget authority required in 1974.

(1) A decrease of $566,000 in appropriation for Watershed Planning ($7,619,000 appropriated in 1973).

On the basis of available funds there is a net increase of $219,708 in 1974 to help provide for an additional workload created by the need to evaluate the effect of proposed work on the environment and to prepare environmental impact statements. The estimate for 1974 will provide for 60 new planning starts, the same as 1973.

The following table shows actual and projected progress in watershed planning and its relationship to project installation.

Explanation	1972 Actual	1973 Estimate	1974 Estimate
Status of project planning:			
Planning in process start of year.....	327	325	319
New authorizations during year.....	40	60	60
Status of project operations:			
Uncompleted projects start of year....	727	727	722
Projects approved for operations.....	15	45	40
New construction starts.....	50	35	35

STATUS OF PROGRAM

Current Activities: The Watershed Protection and Flood Prevention Act (Public Law 566, 83rd Congress), as amended (16 U.S.C. 1001-1008) provides for cooperation between the federal government and the states and their political subdivisions in a program of watershed planning. Watershed plans form the basis for installing works of improvement for floodwater retardation, erosion control, and reduction of sedimentation in the watersheds of rivers and streams and to further the conservation, development, utilization, and disposal of water.

The work of the Department in Watershed Planning consists of assisting local organizations to develop their watershed work plan by making investigations and surveys in response to requests made by sponsoring local organizations. These plans describe the soil erosion, water management, and sedimentation problems in a watershed and works of improvement proposed to alleviate these problems. Plans also include estimated benefits and costs, cost-sharing and operation and maintenance arrangements, and other appropriate information necessary to justify federal assistance for carrying out the plan.

Developing Watershed Work Plans

Watershed project planning is a coordinated and integrated investigation of the physical, environmental, social, and economic conditions inherent in a particular watershed and an analysis of alternative methods to produce an acceptable solution to watershed problems.

When it is determined that a plan will provide substantial benefits from flood prevention or agricultural water management, consideration is given to all other phases of the conservation, development, utilization, and disposal of water. This includes such purposes as municipal and industrial water supply, recreation, fish and wildlife, groundwater recharge, water quality management, control of agriculture-related pollution and disposal of solid wastes.

The technical phase of watershed planning is a coordinated study by a team of technicians including soil conservationists, economists, hydrologists, geologists, foresters, and engineers with supporting help from specialists in the fields of soil science, biology, plant technology, recreation and watershed planning. The technical study must be made to obtain a complete understanding of watershed problems including their causes,effects and possible solutions in order to develop a plan to meet the objectives of the local people. The plan must be one which the local people are able, willing, and ready to install with assistance provided under the program, and one which they can and will effectively operate and maintain.

Detailed environmental statements are prepared by the Soil Conservation Service on each new watershed project. These statements are submitted for review and comment to local, state, and federal agencies and are available to the general public. This provides an opportunity to evaluate each project on its own merits before commitments are made and construction begins.

Program Assignments

The Soil Conservation Service has leadership responsibility for administration of watershed planning work authorized by the Watershed Protection and Flood Prevention Act. This includes planning works of improvement for flood prevention and for the conservation, development, utilization and disposal of water in watershed or sub-watershed areas not exceeding 250,000 acres. All interested federal and other agencies are given an opportunity to participate in and contribute to work plan preparation to help assure that works of improvement included in work plans are in harmony with related projects and programs.

The Forest Service is responsible for planning the forestry measures for National Forest lands and for fire prevention forestry measures on non-Federal forest lands in the watersheds. The Economic Research Service assists with development of

criteria to be used in economic analysis of watershed projects. The Department of Interior's Bureau of Land Management and Bureau of Indian Affairs are provided funds on a reimbursable basis when needed to plan watershed measures for federal lands which they administer. The National Oceanic and Atmospheric Administration of the Department of Commerce and the U.S. Geological Survey of the Department of Interior are reimbursed for precipitation and runoff data needed in the development of work plans.

Selected Examples of Recent Progress:

Agency Participation

The following table shows the amount of funds obligated for small watershed project investigations and planning in 1972 and estimates for 1973 and 1974 by agency.

Agency	1972 Obligations	1973 Estimate	1974 Estimate
Soil Conservation Service.....	6,207,636	6,870,292	7,084,000
Economic Research Service.....	27,489	28,000	28,000
Forest Service.....	488,785	504,000	510,000
Total.....	6,723,910	7,402,292	7,622,000

Status of Work Plan Development

During fiscal year 1972, the Department received 42 state-approved applications for watershed planning assistance from local sponsors of proposed small watershed projects. After cancellation of 38 prior applications, a net of 2,935 applications were on hand from local organizations as of June 30, 1972. These applications covered 227,127,100 acres in 50 states and Puerto Rico. During fiscal year 1972, 40 applications were approved for planning assistance which brought to 1,662 the total number that have been approved for planning since the inception of the program. Watershed work plans had been completed on 1,109 of these watersheds as of June 30, 1972, and planning had been suspended or terminated on 228 other watersheds for which work plans had been partially completed. Suspensions and terminations were at the request of local sponsoring organizations or with their concurrence when it became evident that planning activity would be significantly delayed due to local problems or could no longer be justified on a cost-benefit ratio.

As of June 30, 1972, watershed planning assistance had not been started on 1,273 of the applications received from local sponsors of proposed small watershed projects. It is estimated that 673 of the watersheds covered by these application are currently suitable for development of project work plans and that about 600 will not qualify for assistance under present criteria.

The following table shows applications received and actual and projected progress in planning small watershed projects:

Activity	1972 Actual	1973 Estimate	1974 Estimate
1. Applications for planning assistance:			
On hand, cumulative, start of year...	2,931	2,935	2,975
Net increase during year.....	4	40	40
On hand, cumulative, June 30.....	2,935	2,975	3,015

Activity	1972 Actual	1973 Estimate	1974 Estimate
Consisting of:			
a. Unprocessed applications (backlog)	704	683	663
b. Not suitable for planning	569	570	570
c. Authorized for planning	1,662	1,722	1,782
2. Status of planning:			
Authorized, cumulative, start of year	1,622	1,662	1,722
LESS:			
Suspended or terminated, cumulative, start of year	208	228	244
Completed, cumulative, start of year	1,087	1,109	1,159
Planning in process start of year	327	325	319
New authorizations during year	40	60	60
Authorized planning in process during year	367	385	379
LESS:			
Suspended or terminated, during year	20	16	16
Completions during year	22	50	45
Planning in process, end of year	325	319	318

Watershed Planning Progress by State

The following tabulation shows a breakdown by state of the number of applications received in Washington, D.C., authorized for planning assistance and watershed work plans completed as of June 30, 1972:

State	Applications Received		Planning Authorized		Work Plans Completed	
	No.	Acres(1000)	No.	Acres(1000)	No.	Acres (1000)
Alabama	61	4,253.6	40	2,901.6	28	1,944.0
Alaska	2	204.8	0	0	0	0
Arizona	33	3,317.5	17	1,941.9	12	1,054.4
Arkansas	131	10,496.1	72	6,071.3	51	3,034.9
California	79	5,568.9	47	3,182.1	22	919.6
Colorado	55	4,568.7	28	1,990.5	15	794.3
Connecticut	20	345.1	14	300.7	9	201.0
Delaware	6	357.8	4	301.7	4	281.9
Florida	77	5,170.7	31	2,310.0	20	1,231.0
Georgia	153	10,522.5	74	5,132.4	63	3,970.9
Hawaii	11	531.8	8	490.6	6	282.7
Idaho	48	5,341.0	17	1,374.8	6	303.1
Illinois	69	4,258.9	40	2,323.5	18	942.8
Indiana	110	8,667.9	53	4,242.8	31	1,965.8
Iowa	98	2,755.4	53	1,097.6	41	675.2
Kansas	96	10,177.8	68	7,255.6	42	3,853.7
Kentucky	59	3,752.6	42	2,845.2	31	2,232.8
Louisiana	71	8,044.1	51	6,051.3	31	3,569.6
Maine	28	2,035.4	16	1,044.1	9	427.1
Maryland	39	1,627.3	27	818.6	17	275.7
Massachusetts	24	1,018.5	15	562.2	10	457.2
Michigan	42	2,627.1	24	1,057.1	18	688.2
Minnesota	50	4,014.7	25	2,130.8	14	1,101.9
Mississippi	88	6,630.5	66	5,159.0	48	3,534.9
Missouri	78	6,033.1	32	2,364.6	18	736.8

State	Applications Received		Planning Authorized		Work Plans Completed	
	No.	Acres(1000)	No.	Acres(1000)	No.	Acres (1000)
Montana	48	3,591.7	22	1,149.8	12	367.8
Nebraska	93	7,832.9	56	3,550.2	40	2,401.4
Nevada	31	3,928.7	15	2,060.2	6	391.1
New Hampshire	15	1,026.5	12	1,024.0	6	455.4
New Jersey	31	677.4	17	376.3	12	252.6
New Mexico	80	7,979.0	39	3,303.6	25	1,413.1
New York	35	1,886.9	20	1,108.4	11	648.2
North Carolina	76	4,887.8	57	3,165.3	41	1,708.7
North Dakota	43	6,485.5	29	4,443.4	18	2,518.4
Ohio	72	7,290.1	23	2,024.0	16	1,213.2
Oklahoma	110	11,643.0	68	6,947.7	60	5,973.8
Oregon	57	5,791.3	22	2,078.3	13	679.4
Pennsylvania	47	2,198.9	29	1,800.9	21	1,055.3
Rhode Island	2	104.2	2	104.2	0	0
South Carolina	55	2,846.3	46	2,462.8	35	1,299.4
South Dakota	37	3,802.1	20	1,461.4	13	516.8
Tennessee	87	4,301.8	50	2,449.8	31	1,280.2
Texas	164	17,625.1	98	10,204.2	75	7,747.8
Utah	42	4,481.6	19	1,849.3	11	1,179.3
Vermont	8	552.9	8	704.3	3	42.5
Virginia	69	3,020.4	34	1,843.2	25	1,344.1
Washington	48	2,847.3	20	936.6	11	227.2
West Virginia	54	1,918.0	31	871.3	22	590.8
Wisconsin	54	2,851.6	34	2,059.1	23	1,099.0
Wyoming	43	4,891.6	22	1,892.9	12	719.9
Puerto Rico	6	342.7	5	292.8	3	252.0
TOTALS	2,935	227,127.1	1,662	123,114.0	1,109	69,896.9

Sharing Watershed Planning Costs

Watershed planning staffs are available to assist local organizations in all states except Alaska. Planning organizations currently are staffed in each of the states with the exception of Rhode Island, Vermont and Delaware where services are provided by the planning staff headquartered in Connecticut, New Hampshire and Maryland, respectively. A number of states that are undertaking river basin surveys under authority of Section 6 of Public Law 566 have integrated their regular watershed planning staff with the river basin survey staff. This action provides effective utilization of technical personnel to carry out the functions associated with both activities. The size of the planning organizations vary according to the workload in a state. Watershed planning funds allotted to the states averages approximately $100,000 per state in 1973, ranging from $5,500 for Rhode Island to $162,800 for Texas.

In the fiscal year 1972, State Legislatures and other local organized units in 38 states and Puerto Rico appropriated or otherwise provided about $3,324,000 to supplement federal funds for watershed planning. This was accomplished through advances, reimbursements, state-controlled watershed planning parties, and personnel provided by the states to supplement Service watershed planning staffs.

The total cost of planning a watershed project (including state funds) has averaged about $95,000 to date. Of this amount, federal funds averaged about $62,000 per plan.



The above watershed in Minnesota is an excellent example of the complete conservation treatment that is planned under the Watershed Planning Program (PL-566). Diversion terraces, stripcropping, and waterways, pictured above, supplement the floodwater-retarding structure. In planning, floodwaters are programmed to be released over a long period at a rate that will not overflow the downstream channel (lower photo).



Multiple-Purpose Projects Increasing

Although watershed protection and flood prevention remain dominant objectives of the watershed program, there has been a decided upward trend in the number of multiple-purpose projects being planned and approved for operations. Multiple-purpose projects include such features as water supply, recreation, and fish and wildlife development in addition to flood prevention. Multiple-purpose projects increased from 21% of all projects approved for installation through 1957 to 56% of all projects approved through 1972. This has come about as a result of amendments to Public Law 566 which have broadened the scope of activities and authorities under which the program is carried out. Planning costs have increased due to more complex investigations associated with multiple-purpose project formulation and increased cost of doing business.

(d) Watershed and Flood Prevention Operations

	Watershed Protection Projects	Flood Prevention Projects	Total
Appropriation Act, 1973	$106,175,500	$ 43,874,000	$150,049,500
Budget Estimate, 1974	64,722,000	20,125,000	84,847,000
Decrease in Appropriation	-41,453,500	-23,749,000	-65,202,500
Adjustment in 1973:			
Appropriation Act, 1973	106,175,500	43,874,000	150,049,500
Transfer to General Services Administration for rental of space	19,000	2,000	21,000
Adjusted base for 1974	106,156,500	43,872,000	150,028,500
Budget Estimate, 1974	64,722,000	20,125,000	84,847,000
Decrease in appropriation	-41,434,500	-23,747,000	-65,181,500

SUMMARY OF INCREASES AND DECREASE
(On basis of adjusted appropriation)

	1973	Increase or Decrease	1974 Estimate
Watershed Protection works of improvement	$105,685,142	-$41,270,142	$64,415,000
Flood Prevention works of improvement	26,859,328	-7,203,328	19,656,000
Emergency measures	16,800,000	-16,500,000	300,000
Loan services	684,030	-208,030	476,000
Total available	150,028,500	-65,181,500	84,847,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1972	1973 (estimated)	Increase or Decrease	1974 (estimated)
1. Watershed Protection projects:				
(A) Works of improvement	$104,931,235	105,685,142	-41,270,142	$64,415,000
(B) Loan services	448,000	471,358	-164,358	307,000
Subtotal, Watershed Protection projects	105,379,235	106,156,500	-41,434,500(1)	64,722,000
2. Flood Prevention projects:				
(A) Works of improvement:				
(a) Installation of measures	26,183,962	26,859,328	-7,203,328	19,656,000
(b) Flood prevention emergency measures	300,000	16,800,000	-16,500,000	300,000
(B) Loan services	203,000	212,672	-43,672	169,000
Subtotal, FP Projects	26,686,962	43,872,000	-23,747,000(2)	20,125,000
Total, available or estimate	132,066,197	150,028,500 a/	-65,181,500	84,847,000
Transfer to GSA	32,803	21,000		
Total, appropriation	132,099,000	150,049,500		

PROJECT STATEMENT
(On basis of available funds)

Project	1972	1973 (estimated)	Increase or Decrease	1974 (estimated)
1. Watershed Protection projects:				
(A) Works of improvement:				
(a) Pilot watersheds	$ 9,087	35,000	-35,000	--
(b) PL-566 watersheds	101,955,398	95,214,732	-16,387,232	78,827,500
(B) Loan services	222,040	443,000	-136,000	307,000
Subtotal, Watershed Protection projects	102,186,525	95,692,732	(1)-16,558,232	79,134,500
2. Flood Prevention projects:				
(A) Works of improvement:				
(a) Installation of measures	25,202,716	25,663,266	- 3,007,266	22,656,000
(b) Flood Prevention emergency measures	384,471	16,800,000	-16,500,000	300,000
(B) Loan services	207,598	198,672	-29,672	169,000
Subtotal, FP projects	25,794,785	42,661,938	(2)-19,536,938	23,125,000
Total obligations	127,981,310	138,354,670	-36,095,170	102,259,500
Unobligated balance brought forward:				
Watershed Protection projects	-756,022	-3,948,732	-10,463,768	-14,412,500
Watershed Prevention projects	-897,761	-1,789,938	- 1,210,062	- 3,000,000
Unobligated balance carried forward:				
WP projects	+3,948,732	+14,412,500	-14,412,500	--
FP projects	+1,789,938	+ 3,000,000	- 3,000,000	--
Total available or estimate	$ 132,066,197	150,028,500 a/	-65,181,500	84,847,000

a/ Includes $17,412,500 withheld from use in 1973 ($185,000 has come principally from funds budgeted for travel). This amount will be carried forward for obligation and reduce the amount of new budget authority required in 1974.

(1) A decrease of $41,434,500 in appropriation ($106,156,500 appropriated in 1973). On the basis of available funds there would be a decrease of $16,558,232. This includes: (a) a decrease of $35,000 for pilot watersheds because all planned repair work is expected to be completed in 1973, (b) a net decrease of $16,387,232 in P.L. 566 watershed works of improvement, and (c) a decrease of $136,000 for loan services needed by FHA.

The program level of operations for PL-566 watershed works of improvement in FY 1974 would permit continuation of high priority projects and initiation of construction in 35 additional projects. All planned work is expected to be completed in 35 projects in FY 1974.

The following table shows the status of P.L. 566 watershed projects by category of assistance provided and the average estimated obligations per project and total for all projects in each category:

Item	1971 Actual	1972 Actual	1973 Estimate	1974 Estimate
Total projects underway during year	772	1,060	1,105	1,145
Total using funds	708	687	702	695
Projects receiving preconstruction land treatment and engineering services:				
Number of projects	221	195	203	206
Average per project	$28,012	$32,219	$32,000	$29,670
Total obligations	$6,190,704	$6,282,778	$6,496,000	$6,112,000
Projects moved into construction stage during year:				
Number of projects	35	50	35	35
Average per project	$263,711	$422,772	$350,000	$350,000
Total obligations	$9,229,885	21,138,581	$12,250,000	$12,250,000
Prior year projects continuing construction and land treatment:				
Number of projects	404	386	394	394
Average per project	$150,395	$183,872	$184,286	$144,938
Total obligations	$60,759,719	70,974,614	$72,608,732	$57,105,500
Projects with construction completed continuing land treatment:				
Number of projects	16	28	25	25
Average per project	$51,183	$47,731	$50,000	$50,000
Total obligations	$818,929	$1,336,489	$1,250,000	$1,250,000
Projects completed during year:				
Number of projects	32	28	45	35
Average per project	$22,959	$66,512	$50,000	$50,000
Total obligations	$734,703	$1,862,362	$2,250,000	$1,750,000
Obligations not included above:				
Advances for future water supply	51,350	245,300	245,000	245,000
Project evaluation studies	110,138	103,797	104,000	104,000
Undistributed equipment account	-80,202	11,477	11,000	11,000
Average for projects using funds	109,909	148,407	135,632	113,422
Average for all projects	100,797	96,184	86,167	68,845
Total obligations	77,815,226	101955,398	95,214,732	78,827,500

Flood Prevention Projects:

(2) A decrease of $23,747,000 in appropriations ($43,872,000 appropriated in 1973). On the basis of available funds there would be a decrease of $19,536,938. This includes: (a) a decrease of $3,007,266 for flood prevention works of improvement, and (b) a decrease of $16,500,000 for flood prevention emergency measures for which funds were provided through a supplemental appropriation in 1973, and (c) a decrease of $29,672 for loan services needed by FHA. Since the flood prevention emergency measures are related to particular emergencies and therefore non-recurring, the reduction in program level for 1974 is $3,036,938.

UNITED STATES DEPARTMENT OF AGRICULTURE

Soil Conservation Service

The following tabulation shows obligations in 1972 and estimated obligations in 1973 and 1974 in the authorized flood prevention projects. Buffalo Creek project in New York was completed in 1964.

Distribution of Flood Prevention Funds by Projects

Projects	1972 Obligations	Brought Forward from 1972	1973 Appropriations (adjusted)	Budget Reserve 1973	Total Available for Obligation 1973	Estimated Budget Program Level 1974
Colorado (Middle), Texas	$2,076,417	$135,584	$1,719,107	$192,000	$1,662,691	$2,048,000
Coosa, Georgia, Tennessee	414,372	97,180	616,058	99,700	613,538	186,300
Little Sioux, Iowa	926,733	65,649	1,246,349	129,000	1,182,998	1,062,300
Little Tallahatchie, Mississippi	1,082,832	103,597	1,378,476	122,600	1,359,473	1,059,700
Los Angeles, California	1,666,431	283,473	1,595,600	258,500	1,620,573	1,206,500
Potomac, Maryland, Pennsylvania, Virginia, West Virginia	4,343,030	210,788	4,780,041	518,400	4,472,429	4,006,700
Santa Ynez, California	480,084	55,733	501,000	65,200	491,533	373,900
Trinity, Texas	5,074,387	285,888	5,025,566	566,800	4,744,654	4,734,200
Washita, Oklahoma, Texas	4,084,552	244,052	4,684,408	541,200	4,387,260	3,632,800
Yazoo, Mississippi	5,053,878	307,994	5,312,723	492,600	5,128,117	4,345,600
Subtotal, Authorized Projects	25,202,716	1,789,938	26,859,328	2,986,000	25,663,266	22,656,000
Emergency Measures	384,471	--	16,800,000 a/	-0-	16,800,000	300,000
Total, Works of Improvement	25,587,187	1,789,938	43,659,328	2,986,000	42,463,266	22,956,000
Loan Services	207,598	--	212,672	14,000	198,672	169,000
Total, Flood Prevention	25,794,785	1,789,938	43,872,000	3,000,000	42,661,938	23,125,000

a/ Includes $16,500,000 provided by the Supplemental Appropriation Act of 1973.

STATUS OF PROGRAM

WATERSHED PROTECTION PROJECTS

Current Activities: The Watershed Protection and Flood Prevention Act (Public Law 566, 83rd Congress), as amended (16 U.S.C. 1001-1008) provides for cooperation between the federal government and the states and their political subdivisions in a program to prevent erosion, floodwater, and sediment damages in the watersheds of rivers and streams and to further the conservation, development, utilization and disposal of water. The work of the Department under this item consists of the following:

1. Technical and financial assistance for the installation of works of improvement specified in approved watershed work plans. These works include:

 a. Structural measures. Primary works installed in projects generally consist of structural measures for flood prevention and water management. These include floodwater retarding structures, stream channel improvements, stabilizing and sediment control structures, water storage structures, etc. Detailed construction plans, designs and specifications are prepared for these measures by the Department or by private engineers employed either by the local sponsoring organization or the Department.

 The federal government bears all construction costs of structural measures for flood prevention. It provides an equitable share of the cost of installing works of improvement for agricultural water management, and fish and wildlife or recreational development. The latter includes the cost of minimum basic facilities for public health and safety and access to recreational areas. Local organizations must pay all cost of works of improvement for other purposes. In addition, local organizations must acquire water rights and furnish land, easements and rights-of-way costs of public fish and wildlife and recreational developments may be paid with PL-566 funds. Local organizations must also administer construction contracts, unless they request SCS to do the contracting. They must also operate and maintain the completed works of improvement on non-federal lands.

 Advances may be made to local sponsoring organizations from construction funds to provide for immediate acquisition of easements and rights-of-way. Advances may be provided to prevent encroachment by other developments. Also, advances may be made to provide up to 30 percent of the total estimated cost of a proposed impounding structure when such structures are to be used for additional storage of water to meet anticipated future demands for municipal and industrial uses. In each case, advances must be repaid with interest. Advances for preservation of structure sites must be repaid before construction starts.

 Funds for installation of planned structural measures on non-federal lands are provided to local organizations under the terms and conditions set forth in project agreements. Federal agencies carry out the watershed construction program on federal lands which they administer.

 Engineering assistance is provided for flood prevention, agricultural water management, and for water resource development or improvement for public fish and wildlife and recreational purposes, either directly by the federal government or by the local organizations with advances or reimbursement from the federal government. The Department may also supply up to one-half the cost of engineering assistance required for the installation of minimum basic facilities for public fish and wildlife and recreational development.

b. Land treatment measures: Assurance that a program of proper land use and treatment will be carried out is a basic requirement for approval of assistance in the development of a watershed project. The Department furnishes land owners and operators technical assistance to speed up the planning and application of land treatment measures which help achieve project objectives. This assistance is in addition to that being received under other conservation programs.

Under this program, certain types of land treatment measures are required to be installed to achieve justified off-site flood prevention benefits. Such measures provide such small, or long-deferred benefits to the landowner that he cannot be expected to bear the entire installation cost. The cost of applying such measures may be paid for in part by the Department. Authority for such assistance is provided in Section 3 of the Watershed Protection and Flood Prevention Act. The rate of financial assistance on such special measures may not exceed the rate of assistance for similar practices under other conservation programs of the Department. Measures currently eligible for this type of financial assistance include those for intensified fire protection, stabilization of critical areas, minor gully, streambank and grade stabilization structures, and other on-farm measures, which may be used in lieu of downstream flood prevention structures. This work is accomplished through project agreements with local sponsoring organizations. The local sponsors arrange for and accomplish the work by contract or force account. Payments are made by the federal government to the local sponsoring organizations as the land treatment measures are installed.

2. Installation of works of improvement in "pilot" watersheds. Sixty-two pilot watersheds were authorized by the Congress under Authority of the Act of April 27, 1935 (16 U.S.C. 590a-f). Funds for all works of improvement have been obligated and construction was essentially completed in the fiscal year 1970.

3. Program evaluation studies in selected watershed projects to determine the effectiveness of structural and land treatment measures installed.

4. The making of loans to local organizations to finance the local share of the costs of installing planned works of improvement. Repayment with interest is required within 50 years after the principal benefits of improvements first become available. The 1973 appropriation act directed that watershed protection loans be financed from the Agricultural Credit Insurance Fund of the Farmers Home Administration. Loan services are financed from this appropriation.

Program Assignments

The Soil Conservation Service has general responsibility for administration of the Watershed Protection and Flood Prevention Act. This includes responsibility for the installation of structural works of improvement and land treatment measures on non-federal land in authorized watersheds. The Service also installs some works of improvement on federal lands by arrangement with the administering agency.

The Forest Service is responsible for installing planned land treatment measures and certain structural works on National Forests and other lands administered by the Forest Service in authorized projects. It is also responsible, in cooperation with and through state and local agencies, for the installation of planned forestry measures on other lands within the projects.

The Economic Research Service makes special economic analyses of watershed projects.

Farmers Home Administration has responsibility for administration of Sections 4 and 8 of the Act as they relate to loans and advances to local organizations. The Department allocates watershed protection funds to the Farmers Home Administration for "loan services" because such expenses may not be paid from the Agricultural Credit Insurance Fund of the FHA.

The Agricultural Research Service carries out trap efficiency studies to determine water and sediment outflow from reservoirs for use in designing floodwater retarding structures.

The Department of Interior's Bureau of Land Management and Bureau of Indian Affairs participate in the installation of works of improvement on lands under their jurisdiction.

Selected Examples of Recent Progress:

WATERSHED PROTECTION WORKS OF IMPROVEMENT

Agency Participation

The following table shows the amount of funds obligated for installation of watershed works of improvement in 1972 and estimates for 1973 and 1974 under allotments and allocations to cooperating agencies of the Department of Agriculture.

Agency	1972 Obligations	1973 Estimate	1974 Estimate
Soil Conservation Service:			
Pilot Watersheds	9,087	35,000	--
PL-566 Watersheds	100,856,735	94,087,732	77,876,500
Economic Research Service:			
Pilot Watersheds	--	--	--
PL-566	127,696	123,000	104,000
Forest Service:			
PL-566 Watersheds	970,967	1,004,000	847,000
Total Pilot Watersheds	9,087	35,000	--
Total PL-566 Watersheds	101,955,398	95,214,732	78,827,500
Grand Total	101,964,485	95,249,732	78,827,500

Status of "Pilot" Watershed Projects

Sixty-two "pilot" watersheds were started in fiscal year 1954 in cooperation with local sponsors. This work started under authority of the Act of April 27, 1935 (16 U.S.C. 590a-f). The purpose of the "pilot" watersheds was to demonstrate and evaluate the effectiveness of works of improvement installed in small watersheds for watershed protection and flood prevention purposes. As of June 30, 1972, work had been discontinued in 8 projects and completed as planned in 54, except for repair of some structural damage in 1 project which is being done in fiscal year 1973.

Project evaluation studies in "pilot" watersheds have been completed. These studies were made to obtain data over a sufficient period of time to provide a reliable long-range appraisal of the effectiveness of works of improvement installed under the watershed protection program.

The following table shows the total cost for the completed pilot watershed projects:

	1972 Actual		1973 Estimate	
	No.	Amount (Thous)	No.	Amount (Thous)
1. Projects undergoing repair of structural damage	3	9	1	35
2. Projects completed (cumulative and total cost)	54	43,273	54	43,308
3. Projects discontinued (cumulative) and total cost	8	330	8	330
4. Total projects approved and total cost	62	43,603	62	43,638
5. Total obligations (cumulative)	--	43,603	--	43,638

Status of PL-566 Projects

Watershed work plans are prepared by sponsoring local organizations with the Department's assistance or with their own resources. After the work plans have been approved by the Department or the Congress as suitable for federal participation, technical and financial assistance can be provided for installation of works of improvement specified in the work plans. Projects involving an estimated federal contribution in excess of $250,000 for construction, or construction of any single structure having a capacity in excess of 2,500 acre feet, require congressional committee approval.

Engineering services and assistance with land treatment are furnished on approved projects before they are advanced to the actual construction stage. During this stage, surveys and investigations are made and detailed designs, specifications, and engineering cost estimates are prepared for construction of structural measures. Areas are delineated where sponsors need to obtain land rights, easements and rights-of-way. Technical assistance is furnished to land owners and operators to accelerate planning and application of needed conservation land treatment measures in the watershed.

The project construction stage begins with the execution of the first project agreement or contract for construction of works of improvement. Under a project agreement, the sponsoring local organization agrees to construct a segment of the project which may consist of a single structure or interrelated group of structures. The project agreement obligates the government and the sponsoring local organization to share the construction costs as agreed to in the work plan. Engineering and other services are provided for preparation of contracts and inspection of construction.

When the local organization does the contracting, payments are made to them as the work progresses in accordance with the terms of the project agreement. When the local organization requests the SCS to do the contracting for works of improvement, the SCS makes payments directly to the contractor as the work progresses. This includes both amounts financed from federal funds and contributions received from local organizations for their share of construction costs. Technical assistance in planning and installing conservation land treatment measures is continued as agreed upon in the watershed work plan.

In fiscal year 1972, 15 projects were approved for operations which brought to 1,060 the total number of projects approved as of June 30, 1972. Three hundred and five of these projects were completed prior to 1972. Of the 755 projects in operations in 1972, 195 were receiving preconstruction land treatment and engineering services and 436 were in construction at the end of the year. Fifty of the latter were new construction starts in 1972. Twenty-eight projects were completed in 1972 which brought the total number completed to 333 as of June 30, 1972. Land treatment assistance was continued on 28 projects on which construction had been completed prior to 1972. Sixty-eight of the approved projects did not require federal funds during the fiscal year 1971 because of project inactivity.

Projected PL-566 Project Activity and Obligations

The following tabulation shows the status of Public Law 566 projects by stage of assistance and amounts obligated or estimated to be obligated. The table also shows minor obligations for project evaluation studies, advances for future water supply, and balances remaining in the undistributed equipment account which have not been distributed to projects.

	1972 Actual		1973 Estimate		1974 Estimate	
	Number	Amount (Thousands)	Number	Amount (Thousands)	Number	Amount (Thousands)
1. Projects approved for operations and estimated cost of completion						
(a) Uncompleted projects at beginning of year	740	733,221	727	653,305	727	648,451
(b) Projects approved during year	15	21,679	45	90,000	40	80,000
Total	755	754,900	772	743,305	767	728,451
2. Status of projects and amounts obligated:						
(a) Projects inactive on June 30	68	--	70	--	72	--
(b) Projects receiving preconstruction land treatment and engineering services	195	6,283	203	6,496	206	6,112
(c) Projects moved into construction stage during year	50	21,139	35	12,250	35	12,250
(d) Prior year projects continuing construction and land treatment	386	70,975	394	72,608	394	57,106
(e) Projects with construction completed continuing land treatment	28	1,336	25	1,250	25	1,250
(f) Projects completed during year	28	1,862	45	2,250	35	1,750
Total projects	755	101,595	772	94,854	767	78,468
3. Obligations not included above:						
(a) Advances for future water supply		245		245		245
(b) Project evaluation studies		104		104		104
(c) Undistributed equipment account		11		11		11
Total		101,955		95,214		78,828
4. Uncompleted projects (cumulative) at end of year:						
(a) Obligations to date	727	571,136	727	634,072	732	676,090
(b) Estimated cost of completion	727	653,305	727	648,451	732	649,983
5. Projects completed (cumulative) and total cost	333	185,432	378	217,350	423	253,800
6. Total project approved (cumulative) and total cost	1,060	1,534,575	1,105	1,624,575	1,145	1,704,575
7. Obligations (cumulative)						
Projects	--	756,568	--	851,422	--	929,890
Other	--	1,677	--	2,037	--	2,397
Total	--	758,245	--	853,459	--	932,287

Installation Progress in PL-566 Watershed Projects

The following tabulation shows by state the current program and rate of progress in obligating funds for the installation of works of improvement in PL-566 watersheds. On the line with the name of the state, is shown information concerning projects wholly within a state. Data for interstate projects are listed on separate lines. Letter A identifies interstate projects for which the state has primary responsibility. Letter B identifies interstate projects for which other states have primary responsibility. Only the applicable portion of an interstate project is included in a state.

State	Number Projects Approved 6/30/72	Total Watershed Area (Acres)	Total Estimated Federal Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations 6/30/72	% Federal Cost Obligated as of 6/30/72
Alabama.....	25	1,643,192	38,524,513	62.7	13,672,021	35.5
A-interstate	3	217,232	5,285,402	77.8	4,252,523	80.5
B-interstate	(1)	6,000	226,698	55.8	226,698	100.0
Total, AL.	28	1,866,424	44,036,613	64.2	18,151,242	41.2
Arizona.....	11	1,021,778	24,302,487	57.9	10,241,864	42.1
Arkansas.....	49	2,821,518	71,433,047	62.0	33,091,676	46.3
A-interstate	2	143,258	2,593,857	62.4	356,797	13.8
Total, AR.	51	2,964,776	74,026,904	64.3	33,448,473	45.2
California...	20	887,013	73,293,784	59.7	37,623,296	51.3
Colorado.....	15	794,342	8,248,252	65.6	6,935,965	84.1
Connecticut..	6	76,776	14,880,463	53.0	12,347,714	83.0
A-interstate	2	52,274	2,956,628	63.3	2,941,432	99.5
Total, CT.	8	129,050	17,837,091	54.5	15,289,146	85.7
Delaware.....	2	124,298	3,569,011	59.0	3,020,196	84.6
A-interstate	2	107,100	6,044,535	64.0	1,683,548	27.9
B-interstate	(1)	- -	1,000	33.3	273	27.3
Total, DE.	4	231,398	9,614,546	62.0	4,704,017	48.9
Florida.....	19	1,169,358	21,038,487	45.3	11,186,181	53.2
A-interstate	1	55,600	180,909	48.1	180,909	100.0
Total, FL.	20	1,224,958	21,219,396	45.3	11,367,090	53.6
Georgia.....	60	3,777,763	82,077,747	61.6	34,427,798	41.9
B-interstate	(2)	9,266	7,361	15.4	3,969	53.9
Total, GA.	60	3,787,029	82,085,108	61.6	34,431,767	41.9
Hawaii.....	6	282,710	14,106,852	60.1	9,224,924	65.4
Idaho.....	6	303,113	6,078,935	53.8	5,039,424	82.9
Illinois.....	17	938,584	27,849,838	54.0	9,801,833	35.2
Indiana.....	29	1,836,090	48,911,302	53.7	25,841,826	52.8
Iowa.....	40	660,276	29,380,075	71.2	15,981,991	54.4
Kansas.....	39	3,363,092	69,804,077	69.8	35,256,572	50.5
A-interstate	1	219,000	4,990,000	83.0	4,785,480	96.0
B-interstate	(1)	12,820	435,000	67.8	163,943	37.7
Total, KS.	40	3,594,912	75,229,077	70.5	40,205,995	53.4
Kentucky.....	27	1,823,368	37,383,163	55.4	22,015,962	58.9
A-interstate	1	189,019	1,460,316	37.7	1,016,165	69.6
B-interstate	(2)	16,543	46,085	25.8	46,085	100.0
Total, KY.	28	2,028,930	38,889,564	54.4	23,078,212	59.3
Louisiana....	29	3,074,625	43,244,393	40.8	20,105,025	46.5
B-interstate	(1)	1,637	6,000	75.0	- -	- -
Total, LA.	29	3,076,262	43,250,393	40.8	20,105,025	46.5
Maine.....	8	380,015	7,599,439	72.3	4,077,326	53.7
B-interstate	(1)	20,840	611,600	88.9	235,198	38.5
Total, ME.	8	400,855	8,211,039	73.0	4,312,524	52.5
Maryland.....	16	233,819	11,832,257	53.4	9,095,623	76.9
B-interstate	(2)	50,500	2,195,500	69.4	1,474,228	67.1
Total, MD.	16	284,319	14,027,757	55.4	10,569,851	75.3

State	Number Projects Approved 6/30/72	Total Watershed Area (Acres)	Total Estimated Federal Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations 6/30/72	% Federal Cost Obligated as of 6/30/72
Massachusetts	10	457,262	20,623,272	56.5	8,695,080	42.2
B-interstate	(2)	10,600	111,458	68.4	111,196	99.8
Total, MA.	10	467,862	20,734,730	56.5	8,806,276	42.5
Michigan.....	18	688,280	13,347,553	44.3	5,977,390	44.8
Minnesota....	14	1,101,929	8,150,651	51.1	5,098,563	62.6
B-interstate	(1)	9,480	76,755	51.7	44,673	58.2
Total, MN.	14	1,111,409	8,227,406	51.1	5,143,236	62.5
Mississippi..	46	3,230,989	77,367,398	62.0	23,645,886	30.6
A-interstate	2	276,772	6,193,818	60.1	2,391,475	38.6
B-interstate	(2)	13,920	424,793	66.0	346,023	81.5
Total, MS.	48	3,521,681	83,986,009	61.8	26,383,384	31.4
Missouri.....	17	697,752	17,686,561	59.1	10,994,470	62.2
B-interstate	(1)	68,480	2,899,705	86.0	393,738	13.6
Total, MO.	17	766,232	20,586,266	61.9	11,388,208	55.3
Montana.....	9	347,483	8,289,837	66.2	5,279,036	63.6
Nebraska.....	36	2,245,106	33,414,400	57.4	19,020,132	56.9
A-interstate	1	22,530	501,100	64.7	65,246	13.0
Total, NB.	37	2,267,636	33,915,500	57.5	19,085,378	56.3
Nevada.....	5	388,142	3,938,807	61.3	2,603,467	66.1
New Hampshire	5	279,350	13,168,539	74.2	6,889,631	52.3
A-interstate	1	26,240	1,067,000	89.4	300,861	28.2
Total, NH.	6	305,590	14,235,539	75.2	7,190,492	50.5
New Jersey...	12	252,647	14,619,338	61.3	6,592,198	45.1
New Mexico...	23	1,209,595	25,306,822	88.2	10,971,010	43.4
B-interstate	(1)	147,500	998,000	44.5	41,471	4.2
Total, NM.	23	1,357,095	26,304,822	88.4	11,012,481	41.9
New York.....	11	648,153	31,125,967	81.3	12,564,678	40.4
North Carolina	37	1,527,474	32,932,111	57.4	14,722,806	44.7
A-interstate	2	114,650	2,085,736	65.0	704,563	33.8
B-interstate	(1)	14,250	1,492,055	75.6	242,754	16.3
Total, NC.	39	1,656,374	36,509,902	58.4	15,670,123	42.9
North Dakota.	16	2,191,114	22,691,528	65.3	9,630,671	42.4
A-interstate	2	221,377	864,788	36.1	864,788	100.0
Total, ND.	18	2,412,491	23,556,316	63.4	10,495,459	44.6
Ohio.....	14	944,572	29,242,590	61.5	13,243,705	45.3
Oklahoma.....	59	5,850,327	119,714,471	59.2	60,952,651	50.9
B-interstate	(1)	9,000	191,000	96.0	10,476	5.5
Total, OK.	59	5,859,327	119,905,471	59.3	60,963,127	50.8
Oregon.....	13	679,393	24,226,520	51.6	11,736,782	48.4
Pennsylvania.	20	844,087	33,448,015	53.0	17,879,107	53.5
A-interstate	2	224,550	4,709,097	31.6	3,019,485	64.1
B-interstate	(1)	105,000	4,173,480	66.8	215,301	5.2
Total, PA.	22	1,173,637	42,330,592	50.2	21,113,893	49.9
Puerto Rico..	3	252,002	9,506,522	68.4	1,442,075	15.2
South Carolina	31	1,057,562	24,222,632	56.2	10,038,626	41.4
A-interstate	1	80,471	2,618,972	54.7	355,139	13.6
Total, SC.	32	1,138,033	26,841,604	56.0	10,393,765	38.7
South Dakota.	11	449,867	7,071,573	65.7	2,915,858	41.2
A-interstate	1	27,130	424,878	77.8	412,947	97.2
B-interstate	(2)	105,927	772,679	58.6	772,679	100.0
Total, SD.	12	582,924	8,269,130	65.5	4,101,484	49.6
Tennessee....	25	951,532	38,054,189	73.9	16,787,118	44.1
A-interstate	4	159,127	5,849,864	76.2	3,908,802	66.8
B-interstate	(4)	115,407	1,632,639	68.4	793,856	48.6
Total, TN.	29	1,226,066	45,536,692	74.0	21,489,776	47.2

State	Number Projects Approved 6/30/72	Total Watershed Area (Acres)	Total Estimated Federal Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations 6/30/72	% Federal Cost Obligated as of 6/30/72
Texas.....	71	6,920,020	113,631,949	55.1	54,563,362	48.0
A-interstate	1	80,282	452,051	28.7	62,925	13.9
Total, TX.	72	7,000,302	114,084,000	54.9	54,626,287	47.9
Utah.....	11	1,179,326	19,425,555	57.0	14,607,895	75.2
Vermont.....	2	18,875	3,063,325	88.6	2,340,739	76.4
Virginia.....	24	1,337,328	22,928,496	56.5	13,210,511	57.6
B-interstate	(2)	42,850	809,214	66.8	46,367	5.7
Total, VA.	24	1,380,178	23,737,710	57.5	13,256,878	55.8
Washington...	11	227,229	18,943,396	41.3	12,960,262	68.4
West Virginia	19	359,690	22,095,449	65.6	8,288,704	37.5
A-interstate	1	86,180	3,459,300	71.8	2,215,061	64.0
B-interstate	(1)	11,000	2,044,560	83.8	1,926,976	94.2
Total, WV.	20	456,870	27,599,309	68.1	12,430,741	45.0
Wisconsin....	22	1,082,549	18,443,655	74.7	12,953,604	70.2
Wyoming.....	11	559,271	6,074,311	61.3	4,360,701	71.8
Total Projects	1,060	66,264,448	1,537,207,387	59.3	756,567,985	49.2
Project Evaluation Studies			620,000		519,674	83.8
Undistributed Equipment Cost.....			- -		394,772	- -
Advances for Future Water Supply.....			1,000,000		752,170	75.2
Institute of Tropical Forestry....					9,949	- -
Grand Total..	1,060	66,264,448	1,538,827,387	59.3	758,244,550	49.3

Acceleration of Soil Surveys and Conservation Planning in Watershed Projects

Watershed Protection funds are used to accelerate soil surveys, conservation planning, and installation of conservation land treatment measures in watershed projects as specified in project work plans. This technical assistance is given when assistance under other conservation programs falls short of meeting project objectives within the agreed upon installation period.

The following table shows the acres of soil surveys and the number of conservation farm and ranch plans prepared in the 1972 fiscal year with Watershed Protection funds and estimates for 1973 and 1974.

Item	1972 Actual	1973 Estimate	1974 Estimate
Soil surveys (acres, mapped)	758,664	800,000	800,000
Conservation plans prepared:			
Number	3,038	3,000	3,000
Acres	502,088	500,000	500,000

The following table shows the acres of soil surveys and the number of conservation plans prepared cumulative through June 30, 1972 with both Watershed Protection and other funds in the pilot and PL-566 projects in operation or completed by June 30, 1972.

Item	Watershed Protection Funds	Other Funds	Grand Total in Projects
Soil surveys (acres, mapped) ..	12,083,257	34,171,219	46,254,476
Total number cooperators	*	*	211,570
Conservation plans prepared:			
Number	52,720	131,286	184,006
Acres	9,012,280	27,537,874	36,550,154

* Not available by fund

Works of Improvement Installed in Watershed Protection Projects
(Pilot and PL-566 Watersheds)

The following table shows the works of improvement installed in pilot and Public Law 566 projects in the fiscal year 1972 and cumulative accomplishments in these watersheds under all programs as of June 30, 1972 with technical and financial assistance provided by the Soil Conservation Service and the Forest Service.

Works of Improvement	Unit	Installed in 1972 With Assistance Under Watershed Protection Program	Installed in 1972 With Assistance Under Other Programs	Est. Practices "On The Land" in Active Projects as of 6/30/72
SOIL CONSERVATION SERVICE				
1. Projects in operation during year:				
a. Pilot watersheds	No.	- -	- -	- -
b. PL-566 watersheds	No.	1,060	- -	- -
2. Works of improvement installed:				
a. Structural Measures:				
Dam, Multipurpose	No.	28	11	268
Dam, Multipurpose	Ac.Ft.	100,016	459	534,000
Debris Basin	No.	77	71	1,353
Dike	Miles	7	5	358
Floodwater Retarding Structures	No.	123	8	2,386
Floodwater Retarding Structures	Ac.Ft.	103,324	131	1,738,000
Floodway	Feet	955	8,067	541,000
Grade Stabilization Structures	No.	1,334	624	16,000
Open channel	Miles	291	7	2,773
Stream Channel Stabilization	Miles	2	- -	72
b. Land Treatment Measures:				
Access Road	Miles	138	83	1,121
Bedding	Acres	224	430	48,000
Brush Control	Acres	149,451	153,241	2,298,000
Chiseling and Subsoiling	Acres	35,566	19,731	455,000
Clearing and Snagging	Miles	4	4	436
Commercial Fish Ponds	Acres	186	631	4,500
Conservation Cropping System	Acres	584,501	688,792	10,592,000
Contour Farming	Acres	53,008	103,837	3,360,000
Critical Area Planting	Acres	7,665	6,286	243,000

Works of Improvement-Cont'd SOIL CONSERVATION SERVICE	Unit	Installed in 1972 With Assistance Under: Watershed Protection Program	Installed in 1972 With Assistance Under: Other Programs	Est. Practices "On The Land" in Active Projects as of 6/30/72
b. Land treatment Measures:				
Crop Residue Management	Acres	521,942	637,696	8,846,000
Dam, Diversion	No.	4	6	459
Deferred Grazing	Acres	72,566	150,587	1,778,000
Disposal Lagoon	No.	7	115	189
Diversion	Miles	20	114	5,812
Drain	Miles	217	696	36,000
Drainage Field Ditches	Miles	104	201	18,000
Drainage Land Grading	Acres	1,540	2,043	56,000
Drainage Main or Lateral	Miles	143	244	20,000
Farmstead and Feedlot Windbreak	Acres	57	259	34,000
Fencing	Miles	153	154	21,000
Field Border	Miles	34	22	1,778
Field Windbreak	Miles	8	73	4,322
Firebreak	Miles	85	104	984
Fish Raceway	Feet	- -	- -	1,866
Fishpond Management	No.	2,230	3,577	51,000
Fish Stream Improvement	Feet	3,000	- -	22,000
Floodwater Diversion	Feet	28,076	11,500	92,000
Grassed Waterway or Outlet	Acres	705	2,624	162,000
Grazing Land Mechanical Treatment	Acres	10	2,525	12,000
Heavy Use Area Protection	Acres	46	20	3,333
Hedgerow Planting	Miles	13	2	1,181
Hillside Ditch	Miles	- -	- -	8
Holding Ponds and Tanks	No.	3	46	74
Irrigation Canal or Lateral	Miles	1	3	716
Irrigation Ditch and Canal Lining	Miles	4	36	1,617
Irrigation Field Ditch	Miles	12	28	2,318
Irrigation Land Leveling	Acres	1,578	12,905	748,000
Irrigation Pipeline	Miles	10	122	2,338
Irrigation Pit or Regulating Reservoir	No.	8	19	1,766
Irrigation Storage Reservoir	No.	5	5	1,507
Irrigation Storage Reservoir	Ac.Ft.	212	203	59,000
Irrigation System, Sprinkler	No.	66	73	4,482
Irrigation System, Sprinkler	Acres	3,412	3,373	263,000
Irrigation System, Surface and Subsurface	No.	13	357	7,896
Irrigation System, Surface and Subsurface	Acres	975	29,965	668,000
Irrigation System, Tailwater Recovery	No.	3	38	623
Irrigation Water Management	Acres	28,798	67,663	832,000
Land Smoothing	Acres	9,408	10,151	504,000
Livestock Exclusion	Acres	17,059	20,464	564,000
Minimum Tillage	Acres	63,785	56,756	1,158,000
Mulching	Acres	1,233	904	46,000
Pasture and Hayland Planting	Acres	78,316	144,367	4,785,000

Works of Improvement-Cont'd SOIL CONSERVATION SERVICE	Unit	Installed in 1972 With Assistance Under		Est. Practices "On The Land" in Active Projects as of 6/30/72
		Watershed Protection Program	Other Programs	
b. Land treatment Measures:				
Pasture and Hayland Mngt.	Acres	360,025	607,427	4,786,000
Pipeline	Miles	24	46	725
Planned Grazing Systems	Acres	37,920	78,906	370,000
Pond	No.	335	3,458	139,000
Prescribed Burning	Acres	17,067	22,386	222,000
Proper Grazing Use	Acres	247,716	545,081	5,760,000
Pumping Plant for Water Control	No.	13	35	2,453
Range Seeding	Acres	3,045	7,637	418,000
Recreation Area Improvement	Acres	1,395	1,322	38,000
Recreation Land Grading and Shaping	Acres	412	250	30,000
Recreation Trail and Walkway	Miles	11	11	298
Spring Development	No.	29	113	7,600
Stock Trails and Walkways	Feet	7,282	5,145	340,000
Streambank Protection	Miles	54	3	500
Stripcropping	Acres	4,450	5,740	755,000
Structures for Water Control	No.	1,063	4,329	288,000
Terrace, Basin	Miles	1	2	100
Terrace, Gradient	Miles	29	864	75,000
Terrace, Level	Miles	- -	119	15,000
Terrace, Parallel	Miles	23	431	6,300
(Total, Terraces)	Miles	(53)	(1,416)	(96,400)
Toxic Salt Reduction	Acres	48	1,620	36,000
Tree Planting	Acres	5,471	11,706	922,000
Trough or Tank	No.	87	335	15,000
Waterspreading	Acres	- -	29	14,000
Well	No.	54	129	16,000
Wildlife Upland Habitat Management	Acres	97,783	127,923	1,234,000
Wildlife Wetland Habitat Management	Acres	27,510	6,592	202,000
Wildlife Watering Facility	No.	35	40	750
Woodland Direct Seeding	Acres	40	3,096	18,000
Woodland Improved Harvesting	Acres	25,702	32,252	1,352,000
Woodland Improvement	Acres	12,586	20,513	809,000
Woodland Pruning	Acres	266	486	8,000
Woodland Site Preparation	Acres	2,259	8,030	232,000
Land adequately treated	Acres	568,618	683,018	- -
Land adequately protected	Acres	- -	- -	26,944,000

Forest Service

Works of Improvement	Unit	Installed in 1972 With Assistance Under the Watershed Protection Program	Est. Practices "On The Land" in Active Projects as of 6/30/72
Land Treatment Measures			
Channel Improvement	Miles	0	1.5
Channel Stabilization	Miles	1.1	6.4
Contour Terrace and Furrows	Miles	70	219.4
Area Treated	Acres	1,412	11,026
Gully Control and Stabilization	Miles	17	137
Grade Stabilization Structures	No.	74	1,175
Critical Area Stabilization by Tree Planting and Other Measures	Acres	1,882	35,355
Forest Road and Roadbank Stabilization	Miles	77	999
Acres Treated	Acres	587	3,210
Fire; Roads, Trails and Firebreaks and Fuelbreaks	Miles	21	1,011
Fire Control Water Developments	No.	1	30
Fire Towers	No.	0	8
Intensified Fire Protection	Acres	166,273	2,018,009
Heliports and Helispots	No.	9	26
Mobile Fire Equipment	No.	0	53
Other Fire Control Improvements	No.	1	450
Radio Installations	No.	0	48
Forest Watershed Management Plans Prepared	No.	1,251	8,304
Area Included	Acres	81,240	2,045,282
Forest Stand Improvement	Acres	5,558	1,041,234
Proper Harvest Cutting	Acres	29,884	344,248
Range and Grass Seeding	Acres	1,500	37,324
Tree Planting and Seeding	Acres	15,988	208,461
Revegetation, Surface Mined Areas	Acres	120	1,365
Woodland Thinning and Release	Acres	74,410	620,179
Woodland Grazing Control	Acres	3,336	261,887
Recreation Area Development	Acres	100	1,196
Wildlife Habitat Development	Acres	223	7,067
Wildlife Ponds	No.	8	35

The following table shows the structural measures installed on the 333 projects that were completed as of June 30, 1972:

Works of Improvement	Unit	Est. Practices "On The Land" in Active Projects as of 6/30/72
Debris Basin	Number	2,559
Dike and Levee	Miles	288
Floodwater Retarding Structure	Number	1,296
Grade Stabilization Structure	Number	8,298
Open Channel	Miles	2,740
Stream Channel Stabilization	Miles	122

Project Installations Providing Protection

The works of improvement installed in watershed protection projects are effective in reducing floodwater erosion, and sediment damages as evidenced by the following examples:

Georgia: The 109,000 acre Euharlee Creek Watershed project was approved for installation of land treatment and structural measures in August 1966. Problems considered in preparing the work plan were floodwater damage to agricultural lands, county roads and bridges, and urban areas; need for water based recreational development and a need for accelerated land treatment on cultivated land and critical erosion areas.

Conservation plans have been developed on the farms of 306 of the 650 landowners in the watershed. District cooperators have applied about 60 percent of the land treatment measures needed in the watershed. Two floodwater-retarding structures have been completed and two others are almost complete. Vegetation of roadbanks in the watershed has been finished.

During heavy flooding in the Spring of 1970, the dam on a private lake breached, sending 400 acre-feet of water down the mountain above Structure No. 76. This structure held the water back and prevented the flooding of the town of Rockmart.

New York: Operations in the 12,276 acre Little Choconut Creek, Finch Hollow and Trout Brook Watershed project began in August 1964. Sponsors wanted to protect about 300 acres of urban area from flooding.

Farm land in the watershed is being converted to housing and other non-farm use. Cooperative Extension sponsored a watershed newsletter and conducted a series of schools aimed at improved land use by nonfarm landowners. Several thousand conifers were planted in 1972. The New York Department of Environmental Conservation foresters mark the trees for thinning. Six floodwater retarding dams have been completed. Two others are under construction.

During the passage of the recent storm Agnes, this watershed earned $630,000 in direct benefits protecting many homes, roads and a number of bridges. There were untold benefits to the fish and wildlife resources of the area. One additional benefit to the program which was not evaluated in the B/C analysis is the recreational value of the small lakes above the structures. The county has stocked these lakes with trout and/or bass and many hours of fishing have been enjoyed by the local residents. Site No. 1A is now being used as a school outdoor laboratory for teaching ecology by the Broome and Eastern Tioga school systems. The Broome County Soil and Water Conservation District has donated $300 worth of trees and shrubs to be used as wildlife plantings and beautify the site.

Multiple-Purpose Watershed Projects Increasing

Local sponsors of watershed projects continue to take full advantage of the broad opportunities offered under Public Law 566 to develop multiple-purpose projects. About 56 percent of the 1060 projects approved for operations as of June 30, 1972, included structural measures with purposes other than flood prevention. The following are examples of three categories of multipurpose watersheds and the benefits being realized by the local people.

1. Projects with agricultural water management features. Three hundred and forty-three watershed projects include structural measures for agricultural water management in addition to flood prevention features. Of these, 257 include drainage improvements on existing cropland and 86 include irrigation. The following examples show water management benefits derived under this program.

North Carolina: Operations began in the 64,000 acre Conetoe Creek Watershed project in May 1963 and were completed in 1971. The work plan provides for flood prevention, watershed protection and drainage.

Conservation plans have been prepared on 197 of the 437 operating units in the watershed covering 56 percent of the area. Ninety-four miles of channel improvement were installed.

Since the channel works of improvement were completed in mid-1967, there have been immediate and continuing benefits to land users in terms of improved drainage conditions. This has strengthened the economy of the area with about 18,000 acres of cropland are now being farmed at a profit -- whereas in prior years the same 18,000 acres were frequently operated at a loss some on an average of one year out of four, some one out of three, and some one out of two.

Since mid-1967, substantially all of the 18,000 acres have been protected three times from flooding or related impairment of drainage facilities.

In October, 1967, a heavy rainfall over the upper two-thirds of the watershed was safely removed by the newly improved channels. Otherwise, about 12,000 acres of late maturing crops would have been totally lost or severely damaged.

In May, 1969, a heavy rainstorm covered substantially the entire watershed. Had the channel improvements not been installed, replanting of crops would have been necessary on an estimated 17,700 acres of cropland and, because of the later planting, yields would have been below normal. Estimated loss prevented: $336,000.

In late September and early October, 1971, Hurricane Ginger dropped 8 inches of rain over the entire watershed. Harvesting had barely begun and without the protection of the project, there would have been essentially a total loss on 18,000 acres. In one small community, the town of Mildred, 12 of 14 homes would have been flooded. They were not damaged.

Wildlife habitat has been materially improved. This has resulted in significant benefits to sportsmen and to related segments of the economy. With each passing year since the inception of the project, the deer population has increased. And each year deer are seen in areas they hadn't been found in before. Fish are being seen and caught in places where there were no fish before the project was undertaken.

Conetoe, the only town within the watershed, has grown and developed within the past years at rates never experienced before. It has installed a successful community water system. New homes have been constructed; new businesses established. A new and vitalizing community spirit has come into being.

Utah: The 118,700 acre American Fork-Dry Creek Watershed was approved for operations in 1959. Structural measures were completed in July 1972. The problems in the watershed were floodwater and sediment damages to agricultural land urban dwellings and highways; unstable and inadequate streamflow for irrigation; and a lack of recreational improvements in the area.

More than 85 percent of the planned land treatment measures have been applied. Conservation plans have been developed on 507 of the 543 operating units in the project. The Forest Service has constructed special purpose terraces on 900 acres, 47 miles of gully control, 31 miles of roadside erosion control, and fire control on 74,000 acres of mountain area.

Silver Lake Flat Reservoir was completed and dedicated in June of 1972. Five major water retarding and water structures were planned and are now complete

and functioning. Irrigation structures completed by irrigation companies consist of 46,871 lineal feet of pipeline, 103,377 lineal feet of concrete canal lining and five diversion structures.

Residents of Pleasant Grove City have made numerous comments about the protective value of the Battle and Grove Creek debris basins. "Summer flash floods are no longer a constant worry." The Mayor of Lehi stated that the Dry Creek multi-purpose structure paid for itself twice in one year. The sponsoring irrigation company officials believe there is an annual $40,000.00 benefit from no flooding and siltation in their systems. The 1,000 acre feet of storage water in Silver Lake Flat Reservoir was a "life saver" this first year of storage.

Tibble Fork and Silver Lake Flat reservoirs are very popular fishing waters. Tibble Fork recreation increased 25 percent last year. A new facility to help the handicap gain access to fishing at Tibble Fork was completed. Retarded children from American Fork Training School can now use either of these facilities for fishing as a part of their supervised recreation.

2. New Water Based Recreation areas. Plans for 192 small watershed projects approved as of June 30, 1972, include 221 developments to create or improve facilities for the enjoyment of outdoor recreation in addition to flood prevention and watershed protection. Similar developments without Federal cost sharing are included in 28 other projects.

Commitments for public recreation developments now total about $137 million. About $78 million will come from non-federal sources. Local sponsoring organizations are responsible for operating and maintaining the reservoirs and recreation areas. It is estimated the new recreation areas will attract 15 million visits a year for boating, fishing, swimming, p cnicking, camping, and allied forms of recreation. This will have a favorable economic impact on nearby communities. Reservoirs to provide more than 48,000 acres of additional water surface for recreation will be located in 39 states.

The following examples are typical of the recreational and fish and wildlife benefits being enjoyed by residents in PL-566 projects and surrounding areas.

Kentucky: The 45,600 acre Little Kentucky River project was approved for operations in July 1962. Problems considered in developing the work plan were floodwater and sediment damage to agricultural land and the town of Sulphur and a need for water-based recreational facilities.

Conservation plans have been developed on 72 percent of the 352 operating units in the project. More than 80 percent of the land in the watershed has been adequately treated. Four of the five planned floodwater-retarding dams have been installed. The multi-purpose dam was completed in 1967 and recreation facilities installed in time for use in the summer of 1969.

Residents in the Sulphur Area have stated that FRS #4 substantially reduced flood damage to homes and other property during the March 1964 flood. The structure operated at about full capacity twice during the storm without significant damage to the structure and property downstream. Again in 1965 and 1966, storms of lesser intensity occurred with little or no damage being caused. MPS No. 1 also provided additional flood protection early in 1967, 1968, and 1969. In March 1971 and April 1972 the five structures operated again during heavy rainstorms to the extent that there was little or no damage downstream.

In addition to flood protection, Lake Jericho recreation facilities at MPS No. 1 have provided many benefits to the surrounding area. More than 15,000 people visited the area during the first sixty days it was open in 1969. Approximately 60,000 people used the facilities in 1970, and again in 1971 more than 60,000 people visited the area. In 1972 there were capacity crowds almost every week since opening date.

Pennsylvania: The Mill Run Watershed project was approved for operations in June 1960 and completed in 1967. It covers 7,814 acres. Local sponsors developed their plan to solve flood and sediment damage problems to residential and business areas of Meadville, Pennsylvania.

Conservation plans have been developed on 44 of the 51 farms in the watershed. Land treatment measures are being installed rapidly. Two floodwater-retarding structures were installed one including a fish and wildlife development. The latter structure provides a 582 acre lake for local fishermen.

Local people have twice given credit to the structure on Mill Run for preventing flood damage in Meadville. Tamarack Lake has been used extensively by fishermen. It has been described in a national magazine as one of the new "hot spots" for fishing.

3. Municipal water supply. As of June 30, 1972, local sponsors in 136 watersheds had included municipal water supply features in their watershed work plans in addition to flood prevention and watershed protection. Two examples of projects which include additional storage capacity for municipal water supply follows:

Illinois: The 11,840 acre Little Creek project was approved for installation of land treatment and structural measures in March 1965. Watershed problems included floodwater damage to crops and pasture, other agricultural improvements, and roads and bridges and inadequate water supply for the City of Dongola.

The installation of land treatment measures was greatly accelerated. Eighty-one of the 105 operating farm units in the watershed have conservation plans. About half of the watershed area is now adequately treated.

Multi-purpose structure No. 1 has been completed and is providing flood control and municipal water supply. This structure has been in operation for 2 years and is recognized as a tremendous asset to the community. Its completion has resulted in a significant reduction in downstream flooding. The Village of Dongola is using water from the lake and thus has gained a dependable supply of good water. The adequate supply of water resulted in the Village being able to control a large fire that otherwise would probably have destroyed the business district.

The Illinois Department of Conservation has financed recreation facilities costing approximately $50,000.00 at the beach. These include a bath house, a paved parking lot and boat ramp. Use of these facilities has exceeded estimates, with more than 1,000 paid attendance at the beach on several days during the swimming season.

Arkansas: The 47,000 acre Muddy Fork of Illinois River project was approved for operations in June 1961. The principal problems considered in the work plan were floodwater, sediment, and erosion damage to agricultural lands and an inadequate municipal water supply.



Leaving vegetation undisturbed on one side while restoring the channel capacity (above photo in Indiana) makes less impact on wildlife habitat. Disturbed areas are seeded immediately to minimize soil movement and to provide food and cover for wildlife.

The photo below shows a channel in Alabama three years after construction. The wildlife habitat is excellent and the fishing is good.



About 94 percent of the planned land treatment measures have been applied. Of the 390 farmers in the watershed, 376 are district cooperators and 354 have conservation plans. The planned structural measures consist of one single-purpose and three multiple-purpose structures. The floodwater-retarding structure (site 1) and the multi-purpose structures for Lincoln (site 2) and Prairie Grove (site 4) water supply have been completed. Site 3, the fish and wildlife structure, is programmed for installation during fiscal year 1973.

Lincoln was in critical need of water before multiple-purpose Site 2 was completed. When the spring which supplied water failed, city officials hired tank trucks to haul water for minimum needs. Water usage was restricted and requests for water connections for new homes denied. Since February 1964, When Lincoln started using water from Site 2, over 100 new homes have been built with two new subdivisions in the process of construction. A new super-market, an auto supply store, and two new farm machinery businesses have been opened. Bank deposits have increased over $2 million, and the bank has added extra employees. The Lincoln school tax assessment has increased from $2,405,634 to $4,502,200 since 1963. Several empty and rundown buildings on the town square have been remodeled and now contain businesses. Lincoln has a new modern library, a turkey hatchery, and various improvements because of the adequate water supply. Forrest Rodgers, owner of an irrigated orchard, stated, "Lincoln would only be a wide place in the road if we didn't have the dependable water supply. No longer do the school and businesses have to close when we have an extended dry period."

The owner of Site 1, Mr. Kinion, opened his lake to the public and charges a small fee for fishing and he has boats for rent.

Site 4 provides approximately 1,600 acre-feet of municipal water for future use by the town of Prairie Grove, population 1,200. This water will be used to supplement their present supply and to help attract new industry. The present water supply is barely adequate and provides no opportunity for future growth. An advance of $156,000 from PL-566 funds was obtained to finance the city's share of the added storage. Contractors used local labor as much as possible in the construction of this project.

LOANS FOR WATERSHED PROTECTION WORKS OF IMPROVEMENT

Agency Participation

The following table shows the amount of funds appropriated to the Soil Conservation Service obligated for loan services in F.Y. 1972 and estimated for 1973 and 1974:

Agency	1972 Actual	1973 Estimate	1974 Estimate
Farmers Home Administration	$222,040	$443,000	$307,000

Flood Prevention Projects

Current Activities: The Flood Control Acts, as amended and supplemented (33 U.S.C. 701, 16 U.S.C. 1006a, 76 Stat. 610), provide for installation of (1) mainstream works of improvement for the control of floods, for which the Department of the Army is responsible, and (2) watershed improvement measures to prevent floods; reduce floodwater, sedimentation, and erosion damages; and further the conservation, development, utilization, and disposal of water, for which the Department of Agriculture is responsible. The work of this Department under this item is carried on in the watersheds authorized by the Flood Control Act of December 22, 1944, as amended and supplemented.

To provide consistency between the Flood Prevention and the Watershed Protection programs of the Department which have similar objectives, the planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, structural limitations and other policies and procedures used in the Flood Prevention program have been adjusted to generally parallel those of the Watershed Protection program.

Types of Assistance Furnished by the Department

The assistance furnished under this appropriation item consists of the following:

1. Preparation of detailed subwatershed work plans in collaboration with soil conservation districts and other local sponsoring organizations. These plans outline soil and water management problems in subwatersheds, what has been or is planned to be done to alleviate these problems, the proposed works of improvement to be installed, the estimated benefits and costs, cost-sharing and operation and maintenance arrangements, and other facts necessary to justify Federal participation in project development.

2. Technical and financial assistance to local project sponsors and individual land owners and operators in the installation of works of improvement specified in approved subwatershed work plans:

 a. Structural measures: This work includes the installation of structural measures for flood prevention and water management such as floodwater retarding structures, stream channel improvements, stabilizing and sediment control structures, irrigation reservoirs and canals, and the storage of water in structures for various purposes. Detailed construction plans, designs and specifications are prepared for these measures by the Department. The Department usually does the contracting and bears all of the construction cost of structural measures for flood prevention. It finances up to 50 percent of the cost of works of improvement for agricultural water management and for public fish and wildlife or recreational development. The latter includes the cost of minimum basic facilities for public health and safety and access to the area. Local organizations must pay all costs of works of improvement for other purposes. Also, local organizations generally must acquire water rights and furnish land, easements, and rights-of-way for all structural measures. However, up to one-half the cost of land, easements, and rights-of-way allocated to public fish and wildlife and recreational developments may be paid with PL-566 funds. Local organizations must operate and maintain the completed works of improvement on private lands.

 In addition to loans and advances made under Section 8 of Public Law 566, 83d Congress (as amended), advances may be made to local organizations from construction funds under Section 4 of the Act to provide for immediate acquisition of land, easements, and rights-of-way to prevent encroachment by other developments, and to provide for storage for future municipal and industrial uses. In each case, advances must be repaid

with interest. Advances for preservation of structure sites must be repaid prior to the start of construction.

Engineering assistance is provided by the Department for flood prevention, agricultural water management, and for water resources improvements for public fish and wildlife and recreational purposes. The Department may also supply up to one-half the cost of engineering assistance required in connection with installation of minimum basic facilities for public fish and wildlife and recreational development.

b. Land treatment measures: The Department furnishes land owners and operators the technical assistance needed to speed up the installation of land treatment measures to achieve required protection for structural measures constructed in subwatersheds. This supplements technical assistance available under other conservation programs.

Certain types of land treatment measures are required to be installed under this program to achieve justified off-site flood prevention benefits. Such measures provide little or no benefits, or such long-deferred benefits to the land owner that he cannot be expected to pay a substantial part of the cost of their installation on his farm. The federal government may pay part or all of the cost of installing these special measures. Measures eligible for this assistance are intensified fire prevention; stabilization of critical areas; minor gully, streambank, and grade stabilization structures; and other on-farm measures which may be used in lieu of installing downstream flood prevention structures. The Department may furnish vegetative planting and other materials to land owners for establishment of these essential measures or it may contract the required work or do it by force account.

3. Making loans to local organizations to finance the local share of the costs of installing planned works of improvement for flood prevention and for the conservation, development, utilization, and disposal of water, including development of public fish and wildlife and recreational facilities, and municipal and industrial water supplies. Repayment with interest is required within fifty years after the principal benefits of improvements first become available. The Appropriation Acts, beginning with fiscal year 1973, provide that loans will be made from funds available in the Farmers Home Administration agricultural credit insurance fund. Funds for loan services will continue to be provided from funds appropriated under this appropriation item.

Proposed improvements by the Department are correlated with mainstream work installed by the Corps of Engineers, the Bureau of Reclamation, and others. They give needed protection to the watershed lands and property above the mainstream works. Maintenance of installed measures is the key to the long-term effectiveness of the watershed improvement programs. Land owners and operators generally maintain those land treatment measures which benefit primarily the lands upon which they are installed. Local units of government have responsibility for maintenance of structural measures for flood prevention and water management which provide primarily off-site benefits.

Program Assignments

The Soil Conservation Service has general responsibility for administration of the work of the Department of Agriculture authorized under the Flood Control Acts. The Soil Conservation Service and the Forest Service carry out the planning and installation of land treatment measures and structural works of improvement in authorized watersheds. The Forest Service is responsible for work in the national forests and other lands in authorized watersheds which they administer. It also furnishes certain specialized technical assistance on other forest lands within the watersheds. The Soil Conservation Service concerns itself with work to be done on all other private and public lands in the watersheds.

The Farmers Home Administration makes loans or advances under Section 4 and 8 of Public Law 566, 83rd Congress (as amended). No loans or advances may be made under these provisions until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement.

The Economic Research Service is making an appraisal of the economic impact of the flood prevention program in the Washita River Basin.

Selected Examples of Recent Progress:

FLOOD PREVENTION WORKS OF IMPROVEMENT

Agency Participation

The following table shows the amount of funds obligated for planning and installing works of improvement in 1972 and estimated for 1973 and 1974 by agency:

	1972 Actual	1973 Estimate	1974 Estimate
Soil Conservation Service ...	$21,285,815	$21,773,993	$19,482,000
Economic Research Service ...	51,225	49,200	42,000
Forest Service	3,865,676	3,840,068	3,132,000
Emergency Measures a/	384,471	16,800,000	300,000
Total	25,587,187	42,463,261	22,956,000

a/ Under authority of Section 216 of the Flood Control Act of 1950, not to exceed $300,000 of the amount appropriated for Flood Prevention may be expended each fiscal year for emergency measures when a fire, flood or any other natural element or force has caused a sudden impairment of a watershed. Any balances not needed for these purposes are distributed late in the fiscal year to watersheds where the greatest need exists and where the local sponsoring organizations have provided lands, easements, and rights-of-way required for installation of additional works of improvement. This limitation on the amount of flood prevention funds that may be expended annually for emergency measures has been supplemented as follows:

1. The Supplemental Appropriation Act of 1970 approved December 26, 1969, provided an additional $3.7 million for installation of emergency measures in the James River area in Virginia needed to clear channels, stabilize stream banks and denuded areas, and repair other land damage caused by Hurricane Camille. The last of these funds were obligated in 1972 fiscal year.

2. The Supplemental Appropriation Act of 1973 approved October 31, 1972, provided an additional $16.5 million for installation of emergency measures, for runoff retardation and soil erosion prevention, in areas damaged by natural disasters early in calendar year 1972. Of this amount, $13.5 million will be utilized by the Soil Conservation Service and $3 million by the Forest Service.



The floodwater-retarding dam in West Virginia shown above stands ready to catch and slowly release runoff from heavy rains to protect the town from flooding. Below, a new hospital for Brownwood, Texas became a reality when upstream flooding was controlled by floodwater-retarding dams on the Middle Colorado Flood Prevention Project. With protection from flooding, industrial development now offers opportunity to further enhance the local economy.



Distribution of Funds for Flood Prevention by Agency and Project

The following tables show obligations in 1972 and estimates for 1973 and 1974 for each of the operating watersheds (the Buffalo Creek Watershed in New York was completed in 1964).

Flood Prevention Projects	1972 Obligations	Brought Forward from 1972	1973 Appropriation (adjusted)	Budget Reserve 1973	Total Available for Obligations 1973	Budget Estimate 1974	Estimate Obligations 1974
			SOIL CONSERVATION SERVICE				
Colorado (Middle), Texas.....	$2,076,417	$135,584	$1,719,107	$192,000	$1,662,691	$1,856,000	$2,048,000
Coosa, Georgia, Tennessee.....	408,004	80,160	596,558	70,100	606,618	99,900	170,000
Little Sioux, Iowa.....	898,971	69,844	1,225,549	129,000	1,166,393	1,917,000	1,046,000
Little Tallahatchie, Mississippi..	763,316	93,573	1,025,876	116,000	1,003,449	672,000	788,000
Los Angeles, California.....	7,758	4,934	- -	- -	4,934	- -	- -
Potomac, Maryland, Pennsylvania, Virginia, West Virginia.....	4,067,728	156,948	4,501,741	485,100	4,173,589	3,258,900	3,744,000
Santa Ynez, California.....	- -	- -	73,000	- -	73,000	- -	- -
Trinity, Texas.....	5,032,830	262,418	4,967,966	541,600	4,688,784	4,138,400	4,680,000
Washita, Oklahoma, Texas.....	4,019,776	235,769	4,565,608	497,200	4,304,177	3,032,800	3,530,000
Yazoo, Mississippi.....	4,011,015	305,540	4,257,523	472,700	4,090,363	3,003,300	3,476,000
Subtotal, flood prevention projects, Soil Conservation Service.....	21,285,815	1,344,770	22,932,928	2,503,700	21,773,998	16,978,300	19,482,000
Emergency Measures, Soil Conservation Service.....	220,550	- -	13,800,000[a/]	- -	13,800,000[a/]	300,000	300,000
Total, flood prevention works of improvement, Soil Conservation Service.....	21,506,365	1,344,770	36,732,928	2,503,700	35,573,998	17,278,300	19,782,000
			ECONOMIC RESEARCH SERVICE				
Works of improvement (evaluation studies of economic impact of project), ERS:							
Washita, Oklahoma, Texas.....	51,225	- -	52,400	3,200	49,200	38,800	42,000

a/ Available from the Supplemental Appropriation Act of 1973.

Distribution of Funds for Flood Prevention by Agency and Project-(Continued)

Flood Prevention Projects	1972 Obligations	Brought Forward from 1972	1973 Appropriation (adjusted)	Budget Reserve 1973	Total Available for Obligations 1973	Budget Estimate 1974	Estimate Obligations 1974
			FOREST SERVICE				
Colorado (Middle), Texas.....	- -	- -	- -	- -	- -	- -	- -
Coosa, Georgia, Tennessee.....	$6,368	$17,020	$19,500	$29,600	$6,920	-$13,300	$16,300
Little Sioux, Iowa.....	27,762	-4,195	20,800	- -	16,605	16,300	16,300
Little Tallahatchie, Mississippi..	319,516	10,024	352,600	6,600	356,024	265,100	271,700
Los Angeles, California.....	1,658,673	278,539	1,595,600	258,500	1,615,639	948,000	1,206,500
Potomac, Maryland, Pennsylvania, Virginia, West Virginia.....	275,302	53,840	278,300	33,300	298,840	229,400	262,700
Santa Ynez, California.....	480,084	55,733	428,000	65,200	418,533	308,700	373,900
Trinity, Texas.....	41,557	23,470	57,600	25,200	55,870	29,000	54,200
Washita, Oklahoma, Texas.....	13,551	8,283	66,400	40,800	33,883	20,000	60,800
Yazoo, Mississippi.....	1,042,863	2,454	1,055,200	19,900	1,037,754	849,700	869,600
Subtotal, flood prevention projects, Forest Service.....	3,865,676	445,168	3,874,000	479,100	3,840,068	2,652,900	3,132,000
Emergency Measures, F.S.	163,921	- -	3,000,000[a/]	- -	3,000,000[a/]	- -	- -
Total, flood prevention works of improvement, F.S.	4,029,597	445,168	6,874,000	479,100	6,840,068	2,652,900	3,132,000
			FARMERS HOME ADMINISTRATION				
Loan services for flood prevention projects, Farmers Home Administration.....	207,598	- -	212,672	14,000	198,672	155,000	169,000
Total, flood prevention projects..	25,794,785	1,789,938	43,872,000	3,000,000	42,661,938	20,125,000	23,125,000

a/ Allotment from the Supplemental Appropriation Act of 1973.

Subwatershed Work Plans for Flood Prevention Projects

Because of the size of the authorized flood prevention projects, work plans are developed on a subwatershed basis. As of June 30, 1972, the total planning job was about 3/4 completed, with 302 work plans completed that include 21,524,355 acres. The following table summarizes the status of subwatershed planning by authorized project:

Flood Prevention Projects	Total Authorized Area	Subwatershed and other areas with a/ planning potential		Subwatershed and other work plans prepared to 6/30/72	
	Acres	No.	Acres	No.	Acres
Buffalo Creek b/.....	279,680	3	279,680	3	279,680
Colorado (Middle).....	4,613,120	17	4,357,000	16	3,442,656
Coosa.....	1,339,400	16	1,339,400	16	1,273,158
Little Sioux.....	1,740,800	125	392,900	81	210,811
Little Tallahatchie.....	963,977	18	562,876c/	18	562,876
Los Angeles.....	536,960	13	301,731d/	13	301,731
Potomac.....	4,205,400	26	2,943,000	14	1,202,308
Santa Ynez.....	576,000	6	368,550e/	6	368,550
Trinity.....	8,424,260	40	7,085,320	28	6,348,464
Washita.....	5,095,040	60	5,095,040	56	4,691,072
Yazoo.....	3,942,197	73	3,746,379d/	51	2,843,049
Total.....	31,716,834	397	26,471,876	302	21,524,355

a/ Excludes subwatersheds and other areas where the physical and economic conditions do not meet the program criteria for the use of federal funds for the installation of structural works of improvement. Other excluded areas are identified by additional footnotes.
b/ The Buffalo Creek Watershed was completed and closed in 1964.
c/ Excludes 96,501 acres of Sardis Reservoir area, and 304,600 acres in minor watersheds needing only land treatment measures.
d/ Includes National Forest and other lands, for which the Forest Service has been assigned program responsibility. Comprehensive plans for flood prevention works of improvement have been prepared for these areas.
e/ Excludes 195,818 acres of reservoir area.

Acceleration of Soil Surveys and Planning in Flood Prevention Projects

The following table shows the acres of soil surveys and the number of conservation plans prepared in the 1972 fiscal year with Flood Prevention funds and estimates for 1973 and 1974.

Item	1972 Actual	1973 Estimate	1974 Estimate
Soil surveys (acres mapped)	659,602	650,000	600,000
Conservation plans:			
Number	1,643	1,800	1,800
Acres	309,864	310,000	310,000

The following table shows the acres of soil surveys and the number of conservation plans prepared cumulative through June 30, 1972, with both Flood Prevention and other SCS funds in the authorized flood prevention watersheds:

Item	Flood Prevention Funds	Other SCS Funds	Grand Total
Soil surveys (acres mapped) ...	9,698,261	12,058,834	21,757,095
Total number cooperators	- - *	- - *	89,682
Conservation plans:			
Number	40,497	40,237	80,734
Acres	8,384,318	10,102,963	18,487,281

*Not available by fund

Works of Improvement Installed in Flood Prevention Projects

The following tables show the works of improvement installed in the 10 active authorized flood prevention watersheds during fiscal year 1972, and total on the land as of June 30, 1972, with assistance provided under all programs by the Soil Conservation Service and the Forest Service:

SOIL CONSERVATION SERVICE

Item	Unit	Installed in 1972 With Assistance Under		Estimated Total Measures on Land as of 6/30/72
		Flood Prevention	Other Programs	
Structural Measures:				
Dam, Multiple-purpose	No.	2	3	66
Dam, Multiple-purpose	Ac.Ft.	7,323	102	396,000
Debris Basin	No.	273	140	14,000
Dike	Miles	2	- -	128
Floodwater Retarding structures	No.	97	- -	2,735
Floodwater Retarding structures	Ac.Ft.	56,391	- -	1,808,000
Floodway	Feet	- -	- -	106,000
Grade Stabilization Structures	No.	449	349	11,000
Open Channel	Miles	31	1	1,210
Stream Channel Stabilization	Miles	2	7	18
Land Treatment Measures:				
Access Road	Miles	24	34	695
Bedding	Acres	32	14	511
Brush Control	Acres	97,483	106,699	3,214,000
Chiseling and Subsoiling	Acres	10,147	37,632	308,000
Clearing and Snagging	Miles	5	4	410
Commercial Fish Ponds	Acres	1	30	1,688
Conservation Cropping System	Acres	431,769	505,109	4,743,000
Contour Farming	Acres	168,365	218,955	2,359,000
Critical Area Planting	Acres	13,820	19,063	792,000
Crop Residue Management	Acres	464,672	469,351	5,685,000
Deferred Grazing	Acres	215,967	260,456	2,593,000
Disposal Lagoon	No.	3	35	55
Diversion	Miles	46	97	8,508
Drain	Miles	9	77	2,136
Drainage Field Ditch	Miles	23	98	3,029
Drainage Land Grading	Acres	- -	382	7,942
Drainage Main or Lateral	Miles	13	65	5,063

Item	Unit	Installed in 1972 With Assistance Under		Estimated Total Measures on Land as of 6/30/72
		Flood Prevention	Other Programs	
Land Treatment Measures (cont'd):				
Farmstead and Feedlot Windbreak	Acres	4	78	22,000
Fencing	Miles	51	102	25,000
Field Border	Miles	14	17	1,031
Field Windbreak	Miles	- -	1	41
Firebreak	Miles	56	63	630
Fishpond Management	No.	1,322	1,265	39,000
Fish Stream Improvement	Feet	- -	- -	7,815
Floodwater Diversion	Feet	- -	- -	228,000
Grassed Waterway or Outlet	Acres	217	2,332	97,000
Heavy Use Area Protection	Acres	58	37	2,810
Hedgerow Planting	Miles	- -	1	88
Holding Ponds and Tanks	No.	1	23	38
Irrigation Canal or Lateral	Miles	- -	- -	42
Irrigation Ditch and Canal Lining	Miles	- -	1	84
Irrigation Field Ditch	Miles	- -	- -	67
Irrigation Land Leveling	Acres	245	1,077	31,000
Irrigation Pipeline	Miles	- -	5	44
Irrigation Pit or Regulating Reservoir	No.	- -	- -	25
Irrigation Storage Reservoir	No.	- -	- -	59
Irrigation Storage Reservoir	Ac.Ft.	- -	- -	949
Irrigation System, Sprinkler	No.	2	6	1,224
Irrigation System, Sprinkler	Acres	145	249	70,000
Irrigation System, Surface and Subsurface	No.	1	5	467
Irrigation System, Surface and Subsurface	Acres	105	423	36,000
Irrigation System, Tailwater Recovery	No.	- -	- -	2
Irrigation Water Management	Acres	9,048	11,053	92,000
Land Smoothing	Acres	1,052	5,132	94,000
Livestock Exclusion	Acres	13,114	5,124	222,000
Minimum Tillage	Acres	10,968	13,159	364,000
Mulching	Acres	200	149	4,002
Pasture & Hayland Planting	Acres	88,254	98,285	3,352,000
Pasture & Hayland Management	Acres	291,499	321,328	3,740,000
Pipeline	Miles	6	62	318
Planned Grazing Systems	Acres	14,561	37,708	424,000
Pond	No.	127	2,237	107,000
Prescribed Burning	Acres	170	- -	3,713
Proper Grazing Use	Acres	556,735	884,758	5,300,000
Pumping Plant for Water Control	No.	- -	- -	260
Range Seeding	Acres	3,742	12,558	748,000
Recreation Area Improvement	Acres	354	624	13,000
Recreation Land Grading & Shaping	Acres	62	97	1,800
Recreation Trail & Walkway	Miles	5	2	93
Spring Development	No.	3	13	1,015
Streambank Protection	Miles	16	4	1,546
Stripcropping	Acres	492	504	55,000
Structure for Water Control	No.	28	74	3,164
Terrace, Basin	Miles	3	14	1,142
Terrace, Gradient	Miles	- -	154	47,700
Terrace, Level	Miles	2	43	14,600
Terrace, Parallel	Miles	37	206	3,000
(Total, Terraces)	Miles	(42)	(417)	(66,442)
Toxic Salt Reduction	Acres	28	- -	78
Tree Planting	Acres	5,809	14,184	610,000

Item	Unit	Installed in 1972 With Assistance Under		Estimated Total Measures on Land as of 6/30/72
		Flood Prevention	Other Programs	
Land Treatment Measures (cont'd):				
Trough or Tank	No.	44	177	7,212
Waterspreading	Acres	400	2	3,635
Well	No.	18	104	5,374
Wildlife Upland Habitat Mgt.	Acres	93,173	166,408	1,117,000
Wildlife Wetland Habitat Mgt.	Acres	1,720	2,525	41,000
Wildlife Watering Facility	No.	- -	9	247
Woodland Direct Seeding	Acres	20	812	3,215
Woodland Improvement Harvesting	Acres	11,110	21,163	389,000
Woodland Improvement	Acres	3,786	8,778	355,000
Woodland Pruning	Acres	25	89	757
Woodland Site Protection	Acres	1,364	913	76,000
Land Adequately Treated	Acres	377,683	534,088	- -
Land Adequately Protected	Acres	- -	- -	17,250,000

Forest Service

Protection, management and improvement of forest and related land resources are a vital part of 9 of the 11 projects originally authorized by the Flood Control Act of 1944. Over 7.2 million acres of forest land are involved. Progress in sediment reducing measures such as tree planting, fire prevention and control, stabilization of forest roads and revegetation of roadbanks received special emphasis.

Major accomplishments achieved during and through Fiscal Year 1972 are shown in the following table.

Item	Unit	Installed in 1972 (all funds)	Estimated Total practices on land as of 6/30/72
STRUCTURAL MEASURES:			
Access Road Construction	Miles	- -	42.7
Channel Improvement	Miles	- -	11.6
Channel Stabilization	Miles	1	57.6
Diversion Ditches	Lin. Ft.	- -	4,558
Floodwater Retarding Structures	No.	- -	1
Grade Stabilization Structures	No.	220	747
Streambank Stabilization	Miles	- -	9.9
LAND TREATMENT MEASURES:			
Critical Area Stabilization by Tree Planting & Other Measures	Acres	3,271	279,380
Forest Road and Roadbank Stabilization	Miles	62	1,484
Area Treated	Acres	729	15,683
Forest Watershed Management Plans	No.	889	12,851
Area Included	Acres	59,018	1,142,277
Firebreaks and Fuelbreaks	Miles	204	3,009
Fire Roads and Trails	Miles	78	355
Fire Hazard Reduction	Acres	200	992
Fire Water Developments	No.	1	156
Fire Towers	No.	- -	46
Heliports and Helispots	No.	1	445
Mobile Equipment	No.	- -	116
Other Fire Improvements	No.	- -	175
Permanent Radio Installations	No.	- -	311
Proper Harvest Cutting	Acres	16,497	302,909

Item	Unit	Installed in 1972 (all funds)	Estimated Total practices on land as of 6/30/72
LAND TREATMENT MEASURES (cont'd):			
Forest Stand Improvement	Acres	2,828	647,394
Tree Planting and Seeding	Acres	21,828	425,578
Woodland Thinning and Release	Acres	17,236	401,670
Revegetation, Surface Mined Areas	Acres	383	4,616
Woodland Grazing Control	Acres	1,351	174,047
Woodland Owners Assisted	No.	3,419	46,295

Progress in Individual Flood Prevention Projects

A description of the flood prevention and conservation work being accomplished in each of the 11 authorized flood prevention watersheds follows. The estimated Federal costs for each watershed reflects the 1970 prices, as adjusted to reflect installation of fish and wildlife and recreational developments and future water supplies under provisions of recent amendments to the Watershed Protection and Flood Prevention Act (76 Stat. 608-610).

Buffalo Creek Watershed, New York

Total Federal cost (Project completed in 1964) $4,615,182

The Buffalo Creek project was authorized for operation December 22, 1944, and was completed in Fiscal Year 1964. It is the first of the 11 authorized Flood Prevention projects to be completed. It covers 279,680 acres in Erie and Wyoming Counties, including 13,440 acres within the City of Buffalo. The completed project has reduced siltation in the Buffalo River portion of Buffalo Harbor.

Middle Colorado River Watershed, Texas

Estimated total Federal cost $47,575,000
Total obligations through June 30, 1972 29,779,021

The Middle Colorado River Project includes about 4,613,000 acres of the middle section of the Colorado River Watershed in Texas. Principal problems in the watershed are floodwater and sediment damages to agricultural and non-agricultural properties. Work plans have been developed for 16 of the 17 subwatershed areas in the project.

Of the 5861 operating units in the Middle Colorado, there are 4,561 that are cooperators with local conservation districts. As of June 30, 1972, 4,509 of these had conservation plans covering 3.2 million acres. Land treatment measures applied include approximately 2,660,000 acres of proper grazing use, 1,400,000 acres of brush control, 61,700,000 feet of terraces, and 750,000 acres of conservation cropping systems. Approximately 3,000,000 acres are now adequately treated.

All necessary easements and rights-of-way have been obtained on Brady Creek, Brown-Mullin Creek, Clear Creek, Deep Creek, Mustang Creek and Turkey Creek subwatersheds at an estimated value of $1,550,000. On all the subwatersheds, 916 easements and rights-of-way have been obtained at an estimated value of $5,517,000. These easements were obtained by supervisors of the local soil and water conservation districts, county commissioners, directors of water control and improvement districts, and individuals.

Construction has been completed on 241 floodwater retarding structures and 2 miles of channel improvement. These project measures have been effective in preventing

floods and reducing damages to roads and bridges. High intensity rainstorms occurred in four of the subwatersheds. There was no emergency spillway flow. There was no severe flooding as a result of these high intensity rains. The rainstorm on Brady Creek was estimated to be equal to the 1938 storm which did much damage to the City of Brady. Local authorities in Coleman County estimate that $150,000 in property damage was prevented by the structures. Recreation development on the multi-purpose structures at Brady and Clyde Lakes continues with construction of lake homes, trailer-parking areas, restaurants, swimming, fishing, and other public recreation facilities. Private recreational development is being accelerated at a rapid pace with most of the structures being stocked with fish. 602 acres of land are being irrigated with water from structures in the watershed. Wildlife population (deer, turkey, and waterfowl) is increasing in areas adjacent to the structures and within the fenced area of structures. Rare and endangered species have been sighted within the fenced area of structures.

Coosa River Watershed, Georgia and Tennessee

Estimated total Federal cost	$17,147,000
Total obligations through June 30, 1972	15,034,619

The Coosa River Project includes approximately 1,339,400 acres. About 87 percent of the watershed area is privately owned, and 130,350 acres are in National Forest land. Principal problems in the watershed area are erosion, floodwater, and sediment damage to agricultural lands and county roads.

There are about 6,950 landowners in the project of which 5,159 were district cooperators and 4,982 had developed conservation plans for their holdings as of June 30, 1972. More than 97 percent of planned land treatment measures have been applied. Structural measures are about 90 percent complete with 116 of 143 planned floodwater retarding structures installed. All planned work in eight of the 16 subwatersheds in this project has been completed and turned over to sponsors for operation and maintenance. Erosion has been controlled on 914 miles of roadbanks. Work is nearly completed in seven more subwatersheds.

Technical assistance for installing forestry measures on privately-owned land is provided by the Forest Service in cooperation with and through the Georgia Forestry Commission. Forestry technical assistance has been provided to over 700 landowners.

Accomplishments by the Forest Service on the National Forest to June 30, 1972, include 1,612 acres of tree planting, 19,516 acres of hydrologic stand improvement, 617 acres of roadside erosion control, 562 acres of forest road and trail erosion control, 469 acres of critical area stabilization and 16 miles of streambank stabilization.

A major milestone was reached in the program of works of improvement in the Gilmer County portion of the Coosa River Watershed with the dedication of the 4 completed subwatersheds in the county on May 31, 1972. These 4 subwatersheds cover and furnish flood protection to the entire county. The Commissioner of Gilmer County stated that these achievements include the benefits derived from vegetation of roadbanks, recreation, and the virtual elimination of floods. "In comparison," he said, "prior to the watersheds, as many as 20 bridges were washed away in one year at a cost of $75,000 and streams would run muddy, and streets overflow. It is our hope that the watersheds in Gilmer County will serve as a model to other areas of what can be achieved through the full cooperation of local citizens and government."

Little Sioux River Watershed, Iowa

Estimated total Federal costs	$46,834,000
Total obligations through June 30, 1972	22,855,421

The Little Sioux River Project covers an area 135 miles long and 50 miles wide at its greatest width. It extends from Southwest Minnesota to its confluence with the Missouri River, midway between Sioux City and Omaha. The watershed includes 2,880,000 acres of which 1,740,800 are authorized for assistance under the flood prevention program. Soils of this area are generally of loessal origin. These wind-blown materials are commonly found in depths of 25 to 50 feet and frequently 100 feet or more.

Both sheet and gully erosion are severe problems, especially in the southern half of the authorized area. Gullies of 20 to 40 feet in depth are common. Some of the most productive areas of many uplands are being destroyed by gully erosion and crops in the 200,000 acre flood plain at the lower extremities of the watershed are frequently damaged by flooding.

Twelve soil conservation districts are represented on the Little Sioux Works Committee which provides overall guidance for execution of the program and establishes priorities for assistance. Eighty-one subwatershed work plans covering 212,005 acres had been prepared and approved as of June 30, 1972. All planned work has been completed in 79 of these subwatersheds.

Of the 8,400 farmers in the watershed, 5,146 operating 1,015,000 acres, were cooperating with their local soil conservation districts and 4,001 had developed conservation plans as of June 30, 1972. Some of the land treatment measures applied include 363,000 acres of contour farming, 451 erosion control structures, 4,770 miles of terraces and 8,700 acres of waterways. Structural measures installed as of June 30, 1972, include 612 grade stabilization structures, 72.2 miles of channel improvement, 17.6 miles of dikes and 1,063 miles of detention terraces.

Forestry measures are installed through the Iowa Department of Conservation in cooperation with the Forest Service. Measures applied as of June 30, 1972, include 244 acres of tree planting, 293 acres of windbreaks, and 1,808 acres of forest protected from livestock. Owners given technical forestry assistance numbered 1,262 with 58 management plans prepared covering 4,245 acres.

The effectiveness of flood prevention measures installed in the Little Sioux River project has been demonstrated many times in the past few years. An approximate 7" rain in 6 hours occurred on the Wenger Subwatershed in southeast part of Woodbury County on the night of June 12, 1972. This storm produced about 5" rain in the general area of Oto in Woodbury County on the Willow Creek and Little River Subwatersheds. No significant damage occurred in any of the subwatersheds.

Little Tallahatchie River Watershed, Mississippi

Estimated total Federal cost	$28,998,000
Total obligations through June 30, 1972	25,049,887

The Little Tallahatchie River Project includes 963,977 acres in North Central Mississippi. About 80 percent of the area is privately owned, 10 percent is in National Forest and 10 percent is in the Sardis Reservoir, which was constructed by the Corps of Engineers. Principal problems in the watershed are floodwater and sediment damage to agricultural lands. Eighteen subwatershed work plans covering 562,876 acres had been prepared as of June 30, 1972.

Of the 6,631 farmers in the watershed, 5,567 were district cooperators and 4,322 had developed conservation plans for their lands as of June 30, 1972. Good progress continues in the installation of land treatment measures. About 80 percent of the planned treatment measures has been applied. Major accomplishments to date include 178,700 acres of critical area treatment, 4,031 debris basins, 4,482,000 feet of drainage ditches, 4,724 farm ponds, 2,299,000 feet of diversion ditches and 132,240 acres of pasture planting.

Eighty-one of the 102 floodwater retarding structures planned have been constructed. One multi-purpose structure for recreation, 1,319,957 linear feet of stream channel improvement, 813 grade stabilization structures, and 1,484,338 feet of streambank protection have been installed. One hundred and forty-nine miles of major channel are complete.

Forestry measures are provided by the Forest Service. This project is conducted concurrently with the Yazoo River Watershed Project. Regular programs of other agricultural and forestry agencies have contributed to the flood prevention effort.

To date, over 211,900 acres have been planted to trees to stabilize critically erodible areas. Ninety percent of this is on private lands; 10 percent is on National Forest System lands. In Fiscal Year 1972, 4,926 acres were planted with more than four million trees. More than 6,880 additional acres were improved through forest management practices. Altogether, 613 individuals received direct management services or recommendations on 40,175 acres.

Forest industries now utilize the great timber resource created when these lands were rehabilitated. Maintaining the degree of protection to water, soil and the environment will require a sustained planting rate and increased management and improvement assistance.

The continuation of the watershed program offers employment and training opportunities each year. The project's work force was supplemented by local planting crews in an area of underemployment. This year the area's first all-women crew planted over 200,000 trees.

Recent sediment surveys on the U. S. Corps of Engineers reservoir attest to the success of the land treatment program in the flood prevention project area. The reduction of sediment due to conservation work is expected to prolong the useful life of the flood control reservoir to an estimated 80 years.

The completion of the Greasy Creek subwatershed project (15,802 acres) consisting largely of 14 floodwater and sediment structures and treatment of about 4,000 acres of critical sediment-producing areas, has resulted in eliminating $40,000 damages that normally occur each year.

The completion of recreation development (260 acre lake in National Forest) is affording opportunities for several thousand people in Marshall, Benton, and Union Counties to enjoy this recreation project. This is a multi-purpose structure in the Tippah River project.

Los Angeles River Watershed, California

Estimated total Federal cost	$67,760,000
Total obligations through June 30, 1972	33,765,869

The Los Angeles River Project covers 536,960 acres, of which 73 percent is privately owned and 27 percent is federal land in the Angeles National Forest. The Department is cooperating with the Los Angeles County Flood Control District in the development of this project. Flood prevention works of improvement being installed supplement improvements being made by the Corps of Engineers on principal river channels. This watershed is characterized by high intnesity rainstorms of short duration. Erosion in the watershed is severe during peak run-off and sediment is deposited on the relatively flat valley floor during flood flows. Channel capacity from steep canyons to the Los Angeles River is inadequate for normal winter run-off in most instances.

Because of rapid urban development in San Fernando Valley, practically all of the land treatment work on private land today consists of street drainage and storm drains planned and constructed entirely by local agencies.

About 96% of planned structural measures is complete in the ten active subwatersheds. Work completed as of June 30, 1972, includes about 37 miles of open channel improvement, 31 miles of streambank protection, over nine miles of stream channel stabilization, 234 grade stabilization structures, and two debris basins. Improvement of the fifth and final unit of Bull Creek was completed in fiscal year 1972 under a construction contract awarded and administered by the Sponsors. This improvement involved construction of 1.02 miles of reinforced concrete box conduit and appurtenant work. Construction of this fifth unit of Bull Creek completes the Soil Conservation Service work on the Los Angeles River Flood Prevention Project.

Project activities by the Forest Service continued on National Forest lands and, in cooperation with the Los Angeles County and Los Angeles city fire departments, for the non-federal lands.

Accomplishment by the Forest Service in Fiscal Year 1972 included 1 mile of channel stabilization and 12 grade stabilization structures. Land treatment included 130 acres of critical area treatment and stabilization of 48 miles of roads. Over 52 miles of fire roads and firebreaks and 200 acres of fire hazard reduction helped keep fire losses to a minimum. One water development and one helispot were added to the fire suppression package. Over 800 acres were seeded or planted to trees and other protective cover.

This year a total of 887 acres burned inside the watershed. While a greater loss than last year, the burned area was still very low compared to earlier records. Plans have been completed for the rehabilitation of earthquake damaged fire control facilities and the work will be accomplished during FY 1973 and FY 1974.

Storms to date, subsequent to completion of the various subwatershed waterway improvements, have served to prove the adequacy and effectiveness of the measures installed. Completed improvements have functioned as intended and adequately handled substantial flood discharges although not all works have been subjected to maximum design flows. Flood flows that formerly over-topped natural channels and caused considerable water and deposition damage to agriculture and urban development are now being safely carried to the Los Angeles River and various flood control basins through channel works of improvement constructed under the program. Total rainfall during the 1971-72 season has been far less than normal and there have been no storms producing unusual intensities or runoff. All completed improvements have functioned satisfactorily and there has been no damage during the past season to any of the works installed under the program.

Potomac River Watershed, Md., Pa., Va., W. Va.

Estimated total Federal cost	$42,528,000
Total obligations through June 30, 1972	31,567,234

The authorized Potomac River Project includes 4,205,400 acres in Maryland, Pennsylvania, Virginia and West Virginia. Subwatershed planning has been confined mainly to the tributaries of the upper Potomac River in Virginia and West Virginia. The principal problems are flooding and sedimentation of agricultural lands, and floodwater damage to towns, highways and bridges.

As of June 30, 1972, fourteen subwatershed work plans covering 1,202,308 acres had been approved. All work had been completed in three of these - the Tumbling Run and The Gap Run subwatersheds in Virginia, and the Warm Springs Run subwatershed in West Virginia. Installation work was continuing in the Dry Run, Lower North River, Upper North River, South River, and Stony Creek subwatersheds in Virginia, and the Lunice Creek, New Creek - White's Run, South Fork, Patterson Creek and South Branch subwatersheds in West Virginia. Good progress is being made in obtaining easements and rights-of-way.

The installation of structural measures and land treatment is progressing well. A total of 79 floodwater retarding and 7 multipurpose structures have been installed and 7 others are under construction. In four of the active subwatersheds, the originally planned land treatment practices have been applied. In three of these four subwatersheds, the land treatment accomplishments have exceeded the original plans.

The Forest Service cooperating with the four States and their Divisions of Forestry installed land treatment on private forest lands. Additional land treatment was installed by the Forest Service on National Forests in Virginia and West Virginia.

Accomplishment on State and private forest lands in Fiscal Year 1972 included 648 acres of critical area and roadside stabilization.

Watershed protection plans were prepared for over 500 individuals who own over 19,000 acres. Altogether, more than a thousand persons received management assistance or recommendations. Tree planting and seeding were accomplished on 2,376 acres, bringing the total as of June 30, 1972, to 34,243 acres including 1,458 acres of strip mined areas. 3,069 acres received forest management improvement through thinnings or proper harvesting, bringing the total to 64,982 acres to date. Controlled grazing of livestock increased 975 acres to a total 59,879 acres.

Total accomplishment to date on National Forest includes 31.5 miles of streambank stabilization, 3,077 acres of critical area treatment, and stabilization of 133 miles of roads. There are 1,852 acres of trees planted and 7,954 acres of stand improvement.

Flood damages have been reduced significantly throughout the South River subwatershed. In one flood alone, damages were reduced by $2.5 million. Flood plain landowners have been able to change land use to more economical farming operations. Additional savings were realized from reduced bridge construction costs and from the elimination of flood prevention emergency measures. The sediment pools of three lakes have been developed for recreational purposes. The use of these areas has increased each year and new facilities are being added annually to meet demands. The South River area was set up as a sanitary district to furnish water to rural areas. Water supply in Site 10A on Back Creek made possible the industrial growth taking place in the watershed. In addition, 1,500 building permits have been issued in the water service area for residential development.

Santa Ynez River Watershed, California

Estimated total Federal cost	$14,588,000
Total obligations through June 30, 1972	9,132,794

The Santa Ynez Project covers 576,000 acres, of which about 10 percent is in the westerly portion of the basin where the Soil Conservation Service has completed installing works of improvement. In all, 98 stabilizing structures, 7 silt and debris basins, 3.8 miles of channel stabilization, eleven miles of diversion construction, and eleven miles of floodways were installed.

Forest Service activities include protection and improvements to the mountainous western portion of this watershed.

Accomplishment this year includes an equivalent of 2.2 miles of fuelbreak construction which involved 360 acres of brush control, clearing, and seeding. Other improvements include construction and improvement of 23 miles of access road and trails. Fires were confined to 2,143 acres in 11 separate burns. One large fire accounted for 2,010 acres of the total area burned. Emergency reseeding was accomplished on 1,200 acres.

Cumulative accomplishments as of June 30, 1972, include 1 lookout tower, 74.2 miles of fuelbreaks, 4 miles of fire lanes, 23 helispots, 2 safety zones, 22 water developments, 79 miles of trails, 5 truck-tractor transport units, 14 permanent radios, 21 buildings for housing fire crews and equipment, 29.1 miles of telephone lines and 38.4 miles of access road.

Trinity River Watershed, Texas

Estimated total Federal cost	$126,475,000
Total obligations through June 30, 1972	77,073,207

The authorized area of the Trinity River Project consists of the upper 8,424,260 acres of the Trinity River Watershed. Principal problems are floodwater and sediment damage to agricultural lands, practically all of which are privately owned. To date, work plans have been developed on 28 subwatersheds covering an area of approximately 6,348,464 acres.

More than 75 percent of the planned land treatment measures had been applied as of June 30, 1972. Of the 36,696 operating units in the watershed 24,949 were cooperators with the local conservation districts, and 24,754 had developed conservation plans. Major accomplishments to date in applying land treatment measures include 22,000 miles of terraces, 1,500,000 acres of pasture and hayland management, and 1,460,000 acres of proper grazing use.

A total of 764 floodwater retarding structures has been installed and 12 are under construction. Approximately 58.7 miles of stream channel improvements have been completed and construction is underway on 20.9 miles. Twenty-nine floodwater retarding structures and a number of stabilization structures are scheduled for construction during the 1973 fiscal year.

The Forest Service has continued its participation in the planning of structural and land treatment measures for those lands in the project which fall within the National Grasslands.

Accomplishments more than doubled during fiscal year 1972, with treatment of 106 acres of critical area divided among tree planting and grass seeding. This work harmonizes with the gully plugs and diversions installed to control runoff and sediment. Protection of critical areas from grazing and other damaging influences are included.

The effectiveness of project works of improvement has been demonstrated in new ways during the recent drought. In spite of the extremely dry weather, the main stream of the Clear Fork Creek continued to run water. The water level in the floodwater retarding structures dropped, except in a few that are fed by springs and seeps, but the creek continued to yield a fairly good supply of clean, clear water into the water supply lakes below. Lake Weatherford is below 22 upstream floodwater retarding structures and continuously received some water from the Clear Fork throughout the dry period. The fact that the stream yielded water during the dry weather is attributable to the FP reservoirs above the water supply lakes. The reservoirs have raised the water table and contribute to seep waters that feed into the lake. Protection of bottomland flood plains have made it possible to establish desirable grasses or improve existing grasses thereby directly contributing to more pounds of beef so vitally needed for an ever-expanding population.

Washita River Watershed, Oklahoma and Texas

Estimated total Federal cost	$95,484,000
Total obligations through June 30, 1972	82,249,273

The authorized area of the Washita River Flood Prevention Project covers 5,095,040 acres. About 94 percent of the authorized area is in Oklahoma and 6 percent is in Texas. The problems include upland erosion and floodwater and sediment damages on

265,000 acres of bottomland and a need for municipal, recreational and irrigation water supplies. There are 112,000 acres along the main stem of the Washita needing protection. Fifty-six subwatershed work plans covering 4,691,072 acres had been prepared and approved as of June 30, 1972.

Basic plans have been developed on approximately 83% of the privately owned land in the Washita River Watershed, and the Bureau of Indian Affairs has agreements for proper use and treatment of the Indian lands. Emphasis continues on providing basic farm plans for all land within a treated watershed. Good progress has been made in application of land treatment measures which will protect the watershed areas and reduce sediment yields. Approximately 68% of the land is considered "adequately treated."

Fiscal year 1972 marks the 22nd year of construction of structural measures. A total of 942 floodwater retarding structures, 19 multipurpose structures including recreation, municipal water supply and fish and wildlife, and 46.6 miles of channel improvement have been contracted or constructed in the Washita River Watershed. Eighty-two percent of the planned floodwater retarding structures have been contracted or constructed. All structures and most of the land treatment measures in the Texas portion of the watershed have been completed.

The Forest Service is participating in the planning of proposed structural measures and land treatment for the National Grasslands in this project. Accomplishments in Fiscal Year 1972 included 220 grade stabilization structures.

The implementation of the total flood prevention program has had a positive impact on the area encompassed by the Washita River Basin. Multiple-purpose structures have not only provided protection from floods but also have afforded municipal, industrial, irrigation and recreational water supplies as well. Eight towns are provided municipal and recreation water. These rural-urban centers have a combined population in excess of 66,000 people. Duncan, Oklahoma, boasts of an abundance of water from three multiple-prupose structures on Wildhorse Creek. These structures provide water for two industries plus its urban needs.

Areas of the Washita River flood plain that once were used intensively but were shifted to low value crops because of the flood hazard are being reclaimed. In Reach I there are 10,000 acres restored to former productivity. This process is currently taking place in the other reaches of the Washita. With the reduction in flooding hazard, channel widening and bank cutting are reduced. The land thus preserved is in production and helps maintain the tax base. In Reach III alone annual benefits from reducing the loss of productive land exceeds $48,000.

Yazoo River Watershed, Mississippi

Estimated total Federal cost	$96,383,000
Total obligations through June 30, 1972	67,962,132

The authorized area of the Yazoo River Project includes 3,942,197 acres of which 227,975 are publicly owned. The principal problems are floodwater and sediment damages to agricultural lands. About 39 percent of the watershed is in woodland, 25 percent is in cropland, 14 percent in pasture, and 22 percent miscellaneous uses, idle, and reservoirs. The entire watershed is covered by 16 soil conservation districts. As of June 30, 1972, fifty-one subwatershed work plans covering 2,843,049 acres had been prepared and approved.

Of the 21,177 land owners and operators in the watershed, 17,851 were cooperating in their soil conservation district programs, and 15,182 had developed conservation plans covering 2,691,000 acres as of June 30, 1972. The major land treatment measures installed include 530,911 acres of critical area treatment, 9,603 debris basins, construction of 1,374 miles of diversions, 17,465 farm ponds, construction of 6,613 grade stabilization structures, 451,400 acres of pasture and hayland planting, and construction of 2,512 miles of drainage field ditches.



Above, sediment and debris dumped on farmland in New York by Hurricane Agnes. Emergency measure funds are used to re-establish stream channels in their original location. Debris, such as shown below, will be removed from channels to restore their capacity to carry floodwater. Such emergency measures are needed to reduce the threat of further damage or loss of life by subsequent storms.



The Forest Service assists with the forestry measures in the Yazoo River Watershed project. Work of other agencies and industries has contributed to the accomplishments.

In Fiscal Year 1972, 16,675 acres of trees were planted in treating critical areas and for the rehabilitation of areas having highly erosive soils. The total area now planted in the Yazoo exceeds 463,000 acres of which nearly 15,000 acres are in National Forest. Other accomplishment this year includes 18,400 acres of management and improvement assistance, management plans for 261 individuals covering 30,548 acres, and technical assistance or recommendations to more than 1,800 persons.

Since the start of the project, management assistance has been provided for 546,200 acres involving 9,720 requests. Forestry phases have been included in 6,490 conservation farm plans for 531,206 acres. Various stand improvement measures have been applied to cover 368,380 acres and 49,797 acres of private forest land have been protected from grazing.

On National Forest System lands within the project area, stand improvement measures have been applied to over 24,900 acres. A total area of 14,424 acres has been planted to trees on the National Forest.

Much of the forestry measures were installed by local labor providing employment in areas where underemployment is a serious problem. Local contracting of certain improvement work also assisted the economy and permitted work to be carried out more economically.

Reduction of fire damages through innovative efforts in the problem counties resulted in an overall 11-percent decrease with a remarkable 74-percent reduction in one of the more difficult counties. The last fire season was an all-time-low for acreage burned, less than 0.1 percent of total protected acreage.

Emergency Measures

Under authority of Section 216 of the Flood Control Act of 1950, the Soil Conservation Service provided for emergency work during Fiscal Year 1972 in Idaho, Virginia and West Virginia.

Idaho obligated $1,302 for grass seeding and contour stripping to reduce runoff and prevent soil erosion in the Sugar Creek Watershed after a fire damaged the area.

In Virginia, $61,505 was obligated to finish installation of emergency measures in the James River area by clearing channels, stabilizing stream banks and denuded areas, and repairing other land damage caused by Hurricane Camille.

In West Virginia, a coal slag dam constructed mainly for the disposal of coal refuse failed sending a 5 to 15 foot wall of water down the 15 mile narrow, heavily populated rural mountain valley with residents having little or no warning. Homes and businesses were tossed about like match sticks. The force of the water was so great in the upper reaches that no sign of homes, utilities, roads, or railroads remain. Emergency work consisting of seeding of 86 acres in rural areas, 97 acres of stream and road banks and 184 acres miscellaneous bare and disturbed areas were accomplished obligating $157,838. This seeding was made to prevent erosion and sedimentation and further damage to remaining homes and businesses downstream in the event of further rains.

Under authority of Section 216 of the Flood Control Act of 1950, the Forest Service, cooperating with the Soil Conservation Service, provided for emergency work during Fiscal Year 1972 on the Romero Burn in California. In October 1971; 16,100 acres of critical watershed land were burned by the Romero Fire. Approximately one-third of the area was in the Los Padres National Forest and the remaining two-thirds was non-federal land. During November and December, $17,000 of

emergency measure funds were used in combination with redirected regular appropriations of $157,300 to rehabilitate the potentially dangerous burn area. This was in addition to other Federal, State, and private expenditures.

Emergency measures included seeding severly burned areas, repairing roads and trails in the area, and clearing debris from stream channels.

A second Section 216 emergency rehabilitation project involved the Skyhook Burn in Oregon. On September 16-20, 1971, a total of 1,410 acres was burned, with 772 acres in Mt. Hood National Forest, 120 in county and 518 in private forest ownership. The emergency rehabilitation effort involved burned area revegetation on 258 acres and debris removal from 1.75 miles of stream channel. This effort cost $9,900 of Section 216 funds, $8,570 of other Forest Service funds, State Forestry funds and Hood River Irrigation District funds.

A third Section 216 emergency rehabilitation project was for the Big Timber - Sweetgrass Flood which occurred on August 29, 1971, in Montana. The work consisted of debris removal and channel stabilization on about 5.5 miles of the highest priority reaches. These were located about 50 percent on private land and 50 percent on Federal land in the Gallatin National Forest. Funds allotted for this work were $149,000 of Section 216 funds, $177,000 Forest Service regular funds.

Late in Fiscal Year 1972, Hurricane Agnes caused extensive damage throughout the Northeast and a high intensity storm caused heavy damage in the Black Hills of South Dakota. The Forest Service, the Soil Conservation Service and other participating agencies, conducted damage surveys. As a result, restoration and rehabilitation efforts are presently underway in the States of South Dakota, New York, Pennsylvania, West Virginia, Maryland, and Virginia.

PROGRESS IN BASIC DATA COLLECTION

The Southern Forest Experiment Station projects located at Oxford, Mississippi, within the watersheds of the Yazoo and Little Tallahatchie Rivers continue their work on the study and development of techniques for managing these erosive forest watersheds. The coordinated work of project personnel with the Experiment Station staff make immediate interpretation and application of findings possible. Collection of data by project personnel with analysis and interpretation by the Station staff continues to build a fund of information, making more effective the expenditures on project treatments.

LOANS FOR FLOOD PREVENTION PROJECTS

Agency Participation

The following table shows the amount of funds appropriated to the Soil Conservation Service obligated for loan services in F.Y. 1972 and estimated for 1973 and 1974:

Agency	1972 Actual	1973 Estimate	1974 Estimate
Farmers Home Administration	$207,598	$198,672	$169,000

STATUS OF WATERSHED PROTECTION AND FLOOD PREVENTION LOAN PROGRAMS

Under sections 4 and 8 of Public Law 566, 83rd Congress, as amended, loans are authorized to be made to local organizations for financing the local share of the cost of installing planned works of improvement in approved watershed projects and in the authorized flood prevention watersheds. Loans may also be made for organizational expenses and legal costs. The Farmers Home Administration has been assigned responsibility for making these loans to sponsors of projects. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement, and in the case of PL-566 watershed projects, the project must be approved for operations. Public Law 92-419, approved August 30, 1972, provided for making such loans on an insured basis from the Agricultural Credit Insurance Fund. Funds for loan services will continue to be allotted to the FHA from funds provided in the watershed and flood prevention operations appropriation.

No loans are made under this authority for the local costs of installing conservation land treatment measures. These land treatment measures primarily benefit the lands upon which they are installed, and the costs are normally borne by the individual land owners with some federal cost sharing and technical assistance from other Department conservation programs.

The following tabulation shows the status of the watershed works of improvement and flood prevention loan program and amounts obligated or estimated to be obligated for loans to local sponsoring organizations of projects:

(Dollars in thousands)

Explanation	1972 Actual		1973 Estimate		1974 Estimate	
	No.	Amount	No.	Amount	No.	Amount
1. Applications on hand at beginning of year.....	96	$17,827	81	$14,727	83	$18,288
2. Applications received during year.....	21	6,300	100	30,000	100	39,000
3. Total applications for consideration during year.....	117	24,127	181	44,727	183	48,288
4. Loans obligated during year.....	18	5,000 1/	78	20,439	77	20,400
5. Loans closed during year (disbursements).....	(16)	(4,172) 2/	(48)	(9,928) 2/	(57)	(17,000)
6. Applications withdrawn or disapproved.....	18	4,400	20	6,000	20	6,000
7. Applications pending at end of year.....	81	14,727	83	18,288	86	21,888
8. Loans obligated end of year (cumulative).....	287	54,809	365	75,248	442	95,648
9. Loan servicing expense: Watershed protection projects and Flood control projects.....		430 3/		642		476

1/ Obligations not adjusted for prior year loan cancellations.
2/ Includes carryover loan funds appropriated to Soil Conservation Service.
3/ Net of recoveries of prior year obligations

Applications for loans received by the Farmers Home Administration have varied greatly in amount. The applications now pending average about $185,000 each. Most applications have included requests for funds to purchase land easements or rights-of-way and pay legal fees and organization costs. The larger loan requests have also included funds to pay the local organizations share of the installation costs of drainage channels, municipal water storage, irrigation works, recreational facilities, natural beauty, and other multiple-purpose improvements.

(e) Great Plains Conservation Program

Appropriation Act, 1973	$18,113,500
Budget Estimate, 1974	18,172,000
Increase in Appropriation	+58,500

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	1973	Increase or Decrease	1974 Estimate
Cost-sharing assistance	$12,700,000	- -	$12,700,000
Technical services and related expenses	5,413,500	+58,500	5,472,000
Total available	18,113,500	+58,500	18,172,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1972	1973 (Estimate)	Increase or Decrease	1974 (Estimate)
1. Great Plains Conservation Program:				
(a) Cost-sharing assistance	$12,500,000	$12,700,000	- -	$12,700,000
(b) Technical services and related expenses	5,613,500	5,413,500	+$58,500 (1)	5,472,000
Total, available or estimate	18,113,500	18,113,500 a/	+ 58,500	18,172,000
Transfer to GSA	- -	- -		
Total, Appropriation	18,113,500	18,113,500		

PROJECT STATEMENT
(On basis of available funds)

Project	1972	1973 (Estimate)	Increase or Decrease	1974 (Estimate)
1. Great Plains Conservation Program:				
(a) Cost-sharing assistance	$12,646,219	$12,700,000	- -	$12,700,000
(b) Technical services and related expenses	5,316,628	5,534,623	+$11,877 (1)	5,546,500
Total, obligations	17,962,847	18,234,623	+ 11,877	18,246,500
Unobligated balance brought forward	-44,970	-195,623	+121,123	-74,500
Unobligated balance carried forward	195,623	74,500	-74,500	- -
Total, available or estimate	18,113,500	18,113,500 a/	+58,500	18,172,000

a/ Includes $74,500 withheld from use in 1973 ($12,000 has come principally from funds budgeted for travel). This amount will be carried forward for obligation and reduces the amount of budget authority required in 1974.

(1) An increase of $58,500 for technical services and related expenses ($5,413,500 appropriated in 1973).

The increase of $58,500 in appropriation and $11,877 on the basis of available funds would provide a program level adequate to furnish the necessary technical services to about 19,000 active contracts in 1974, approximately the same level as in fiscal year 1973.

STATUS OF PROGRAM

Current Activities: The Great Plains Conservation Program was authorized under Public Law 1021, 84th Congress, (16 U.S.C. 590p), as amended. Public Law 91-118 extended the Great Plains cost-share contracting authority to December 31, 1981. This program provides technical assistance and long-term cost sharing to land users in the counties of the Great Plains States plagued with recurring wind erosion problems. It is designed to provide needed protection and improvement of soil, water, plant, and wildlife resources of this vast agricultural area. Installation of complete conservation programs on entire operating units in the area helps to stabilize the local economy, and that of the individual producers. The work supplements other soil and water conservation programs and activities in counties designated by the Secretary. It is also coordinated with programs and objectives of locally managed conservation districts, state agencies, and community groups. This program contributes to total environmental improvement through reduction of wind and water erosion and sedimentation and abatement of agricultural related pollutants.

Program Assignments

The Soil Conservation Service has general responsibility for administration of the Great Plains Conservation Program. The Agricultural Stabilization and Conservation Service participates in county program development and coordination of activities.

Counties Designated for Program Participation

As of December 1, 1972, 469 counties had been designated in the 10 Great Plains States as eligible to participate in the Great Plains Conservation Program. These are shown on the included map. The number of designated counties in each state is:

Colorado	- 37	North Dakota	- 38
Kansas	- 62	Oklahoma	- 30
Montana	- 39	South Dakota	- 47
Nebraska	- 61	Texas	- 123
New Mexico	- 19	Wyoming	- 13

Factors Affecting County Eligibility

Determination of a county's eligibility for participation in the program is based on conservation needs and the interest of local people. The physical factors for consideration include susceptibility of the land to serious wind erosion, and the need for changes in land use, cropping systems, and grassland management. The responsibility for determining local interest in the program rests with the State Program Committee. Their procedures may include public hearings, petitions of land owners and operators, resolutions by local groups, and requests of county leaders interested in the conservation of land and water resource.

Type of Assistance Furnished by the Department

The assistance furnished under this appropriation to participating farmers and ranchers in the 10 Great Plains States consists of the following:

1. Cost-shares for installation of permanent-type conservation practices under provisions of long-term contracts. The plan of operation for each farm or ranch unit shows the planned changes in land use and cropping systems, a time schedule of the conservation work to be done, and the cost-shares to be paid for the installation of specified practices. The cost-share contracts may cover periods of 3 to 10 years. Financial assistance is given to each program participant to help him install needed conservation practices within the specific time period scheduled in his contract.

2. Technical services of soil conservationists, engineers, and other agricultural specialists to help plan and install sound conservation programs adapted to each farm or ranch. These services include:

 a. Help in developing practical schedules for applying treatment measures. These are generally developed from conservation plans prepared under the Conservation Operations Program. The schedules provide for orderly adjustments in land use, application of needed conservation treatments within a specified time, and use of improved management techniques.

 b. Technical help with installation of planned treatment measures. The farmer or rancher is responsible for carrying out his plan of operation as scheduled in his contract. Installation services are provided when needed for site selection, topographic surveys, detail designs, practice layout, and construction. Other technical assistance is furnished to help improve each farm or ranch enterprise in conformance with the conservation plan.

Selected Examples of Recent Progress:

Agency Participation

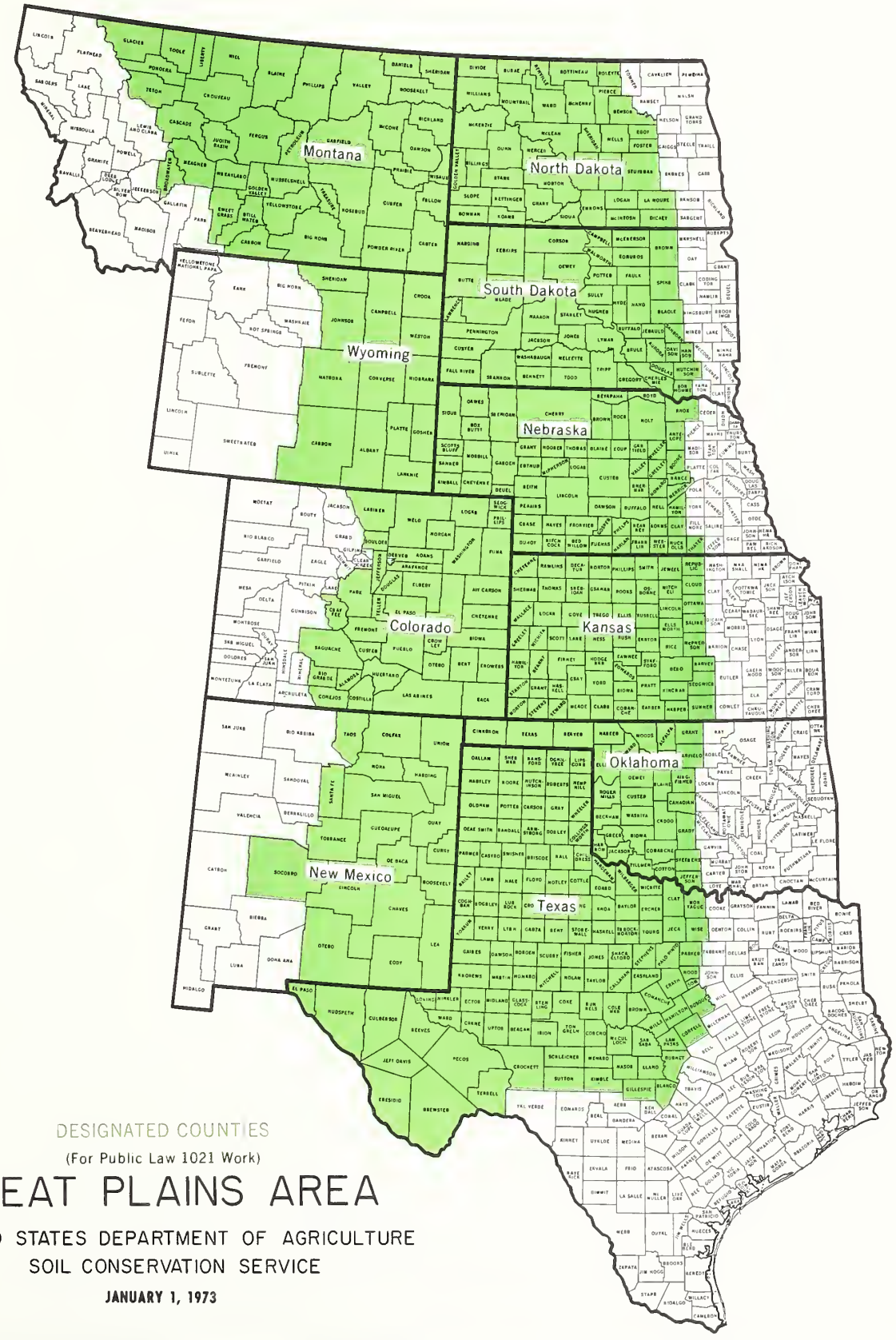
The following table shows funds obligated under the Great Plains Conservation Program in 1972 by agency and projected obligations for 1973 and 1974 on the basis of available funds:

Item and Agency	1972 Obligations	1973 Estimate	1974 Estimate
Cost-Share Contracts:			
Soil Conservation Service.....	$12,646,219	$12,700,000	$12,700,000
Technical Services and Related Expense:			
Soil Conservation Service.....	5,228,216	5,450,623	5,462,500
Agricultural Stabilization and Conservation Service.....	84,000	84,000	84,000
Office of Information.....	4,412	--	--
Subtotal.....	$5,316,628	$5,534,623	$5,546,500
Total Obligations.....	$17,962,847	$18,234,623	$18,246,500

Aiding Rural Development

Thirty-two soil and water conservation practices are eligible for cost-sharing under the Great Plains Conservation Program. Cost-share rates authorized for these practices vary from 50 to 80 percent of the estimated average installation cost. Program participants generally pay about 35 percent of the total costs for those practices installed, and the entire cost for management-type practices.

The work under this program has been effective in stabilizing many farm and ranch enterprises within the area. Cooperating land owners or operators are encouraged to systematically apply a well-planned conservation program to their land. Establishment of adapted grass varieties on low producing croplands has provided conservation benefits as well as additional income. Through installation of eligible practices, the participants are assisted in improving the quality of environment by controlling wind and water erosion and sedimentation, providing fish and wildlife habitat, recreation, economic use of land, and abating agricultural related pollutants.



DESIGNATED COUNTIES

(For Public Law 1021 Work)

GREAT PLAINS AREA

UNITED STATES DEPARTMENT OF AGRICULTURE

SOIL CONSERVATION SERVICE

JANUARY 1, 1973

USDA-SCS-HYATTSVILLE MD 1972

Changes in Land Use Needed

Concentrated efforts are being made under this program to help land owners and operators make needed land use changes. Much of the Great Plains area is suited to production of cultivated crops when needed conservation measures are properly applied. There are, however, areas of land now in cultivation that are not suited to such use because of soil type, topography, and low rainfall. Soil surveys provide the essential land facts on which to base conservation and land use plans.

Program participants are getting much of the land unsuited for cultivation converted to permanent vegetative cover and reseeding denuded rangelands. Cost-share contracts as of June 30, 1972 include 11,870,467 acres which were being used as cropland at the time the contracts were signed. The plans of operation developed and made a part of the contracts provided for the conversion of 2,392,236 of these acres (about 20%) to permanently vegetated rangeland or other noncrop uses. During fiscal year 1972, farmers and ranchers actually completed the establishment of 154,580 acres of permanent vegetative cover and reseeded 129,437 acres of deteriorating rangeland for which they received assistance under their cost-sharing contracts.

Technical Assistance Workload

Installation services with contracted practices are programmed both annually and on a long-term basis. Such help must be made available when practices are scheduled for installation. The technical workload associated with contracted practices increases from year to year as more participants enter the program. This will continue until contract expirations balance with new contracting.

Assignment of staff in field offices to service Great Plains contracts has been primarily on a part-time basis in most counties. In 1972, about 363 man-years were used for technical services, including contract preparation. Technical time provided under this appropriation averaged less than one man-year per county. Program operations in some counties will require the full-time services of one or more technicians as the need for installation services increases.

Applications for Assistance and Cost-Share Contracts

Interest in the Great Plains Conservation Program continues to increase. Good progress is being made in committing farmers and ranchers to conservation development and operations. The following table shows facts and projections on applications for program assistance and cost-share contracts:

Explanation	1972 Actual	1973 Estimate	1974 Estimate
Applications for assistance received:			
Current fiscal year.....	2,942	3,588	3,617
Cumulative to June 30.....	48,214	51,802	55,419
Contracts signed:			
Current fiscal year.....	2,440	2,976	3,000
Cumulative to June 30.....	42,524	45,500	48,500
Acreage in contracts:			
Current fiscal year.....	4,898,729	5,345,000	5,388,000
Cumulative to June 30.....	77,116,246	82,461,246	87,849,246
Unserviced applications as of June 30:			
Number.....	5,690	5,702	5,719
Acreage.....	15,087,130	15,108,578	15,139,110

Status of Contracts Signed

The average size of farm and ranch units placed under contract in fiscal year 1972 was 2,008 acres, while all units placed under contract through June 30, 1972 averaged 1,813 acres. The following table shows the status of cost-share contracts as of June 30, 1972:

Explanation	Number	Acres
Contracts signed.....	42,524	77,116,246
Contracts terminated:		
By mutual consent.....	1,340	1,959,359
For cause.....	896	770,997
By expiration.....	23,531	40,558,143
Total terminations.....	25,767	43,288,499
Active contracts.....	16,757	33,827,747

Practices Applied and Cost-Shares Paid

Great Plains Practices	Unit	Extent Applied FY 1972 Amount	Extent Applied Cumulative 6/30/72 Amount	Cost-Shares Paid FY 1972 Dollars	Cost-Shares Paid Cumulative 6/30/72 Dollars
Initial Application					
Establish permanent vegetative cover.....	Acres	154,580	1,990,188	$1,385,158	$16,631,140
Establish field/wind strip-cropping.....	Acres	51,346	823,545	79,394	1,066,307
Establish contour strip-cropping.....	Acres	6,685	148,445	34,885	614,913
Establish contour farming..	Acres	- -	4,981	- -	4,469
Reestablishing grasslands..	Acres	129,438	1,555,503	1,478,236	14,778,020
Establishment of trees and shrubs.....	Acres	19,800	50,431	130,599	1,824,546
Establish permanent waterways.....	Acres	3,142	35,947	324,722	3,779,993
Terraces.....	Miles	4,327	69,100	1,301,808	16,484,918
Diversions.....	Miles	245	4,430	146,591	2,243,001
Grassland mechanical treatment.....	Acres	11,463	336,785	15,893	378,311
Dams for eros. control detention.....	Number	670	19,790	313,881	4,019,240
Grade stabilization structures.....	Number	306	3,631	81,082	863,021
Streambank protection, etc.	L. Ft.	17,000	252,811	31,325	272,780
Diversion dams and spreader ditches.....	Acres	3,634	108,717	124,592	2,181,694
Reorganizing irrigation systems.....	Number	316	4,197	376,386	6,217,108
Irrigation land leveling...	Acres	10,470	202,086	353,452	6,082,148
Dams, pits, or ponds for irrig.....	Number	41	691	43,725	563,495
Lining irrig. ditches, canals, etc.....	L. Ft.	88,135	1,672,223	85,737	1,489,620
Wells.....	Number	1,227	17,308	600,655	9,277,751
Developing springs and seeps.....	Number	371	2,198	37,881	419,947
Constructing dams, pits, or ponds.....	Number	1,523	23,147	705,243	10,638,014

Practices Applied and Cost-Shares Paid

Great Plains Practices	Unit	Extent Applied FY 1972 Amount	Extent Applied Cumulative 6/30/72 Amount	Cost-Shares Paid FY 1972 Dollars	Cost-Shares Paid Cumulative 6/30/72 Dollars
Initial Application					
Pipelines	Miles	950	5,939	$1,143,729	$6,380,389
Controlling competitive shrubs	Acres	219,384	4,670,182	641,407	12,333,554
Fences	Miles	1,265	12,504	510,942	4,307,408
Critical area treatment	Acres	2,172	3,143	164,368	229,718
Irrig. tailwater recovery system	Number	37	42	18,935	20,956
Disposal lagoons	Number	102	102	12,548	12,548
Recreation land grading & shaping	Acres	3	3	123	123
Water storage facilities	Number	1,228	1,435	329,614	389,863
Catchment basins	Number	-	4	-	18,699
Shallow water areas	Number	30	30	20,085	20,085
Holding ponds and tanks	Number	2	2	1,055	1,055
Reapplication					
Establish perm. vegetative cover	Acres	14,136	127,264	121,084	880,957
Establish field/wind stripcropping	Acres	-	148	-	185
Contour stripcropping	Acres	-	25	-	117
Reestablishing grasslands	Acres	8,792	66,734	92,096	584,951
Establishment of trees or shrubs	Acres	178	2,859	9,574	101,493
Establish permanent waterways	Acres	475	3,003	12,316	83,146
Terraces	Miles	95	701	23,553	124,270
Diversions	Miles	-	9	129	3,572
Grassland mechanical treatment	Acres	-	220	-	220
Dams for eros. control detention	Number	4	34	1,117	18,969
Grade stabilization structures	Number	1	14	218	2,650
Streambank protection, etc.	L. Ft.	-	1,063	-	11,657
Diversion dams and spreader ditches	Acres	152	3,417	742	20,792
Reorganizing irrigation systems	Number	1	3	1,610	5,083
Irrigation land leveling	Acres	19	534	447	9,903
Dams, pits, or ponds for irrig	Number	1	6	143	2,410
Wells	Number	9	56	3,867	26,171
Developing springs and seeps	Number	-	6	-	1,509
Constructing dams, pits, or ponds	Number	7	69	3,328	27,811
Pipelines	Miles	5	5	3,403	3,478
Controlling competitive shrubs	Acres	-	52,583	-	96,418
Fences	Miles	-	1	-	109
Critical area treatment	Acres	76	213	1,713	4,482
TOTAL	xxxx	xxxxxxx	xxxxxxxx	$10,769,391	$125,555,187

Note: The total amount of cost-shares paid by primary purpose is:

	FY1972	Cumulative 6/30/72
Wind and water erosion protection	$10,723,111	$125,507,508
Fish, wildlife, and recreational uses	32,125	33,524
Economic use of land	929	929
Agricultural-related pollution	13,226	13,226

WIND EROSION CONDITIONS IN THE GREAT PLAINS
For the 1971-72 Wind Erosion Season

Reports were submitted from 253 counties in the 10 Great Plains States. Counties reporting are those in which wind erosion was prevalent or expected during the 1971-72 season. The acreage of land damaged is cumulative for the period November 1, 1971 to May 31, 1972.

Land Damaged

A total of 2,245,297 acres was reported damaged in 253 counties compared to 4,764,692 acres reported in 267 counties a year ago, a decrease of 2,519,395 acres, or 52.9%. Of the total land reported damaged 94.6% was cropland (2,123,484 acres), 3.8% rangeland (86,083 acres) and 1.6% other land (35,730 acres). The Northern Plains States reported 825,770 acres (36.8%) and the Southern Plains States reported 1,419,527 acres (63.2%). Texas reported 1,145,150 acres damaged, or 51.0% of the total for the 10 States.

Acres of Land Damaged

Great Plains States	Co's Rptg.	Land Damaged			Total Land Damaged	
		Cropland	Rangeland	Other Land	5/31/72	5/31/71
	No.	Acres	Acres	Acres	Acres	Acres
Northern:						
Montana	15	241,400	- -	110	241,510	224,450
Nebraska	14	95,800	13,870	3,340	113,010	164,540
North Dakota	53	276,150	1,300	- -	277,450	579,550
South Dakota	35	119,300	1,200	650	121,150	636,800
Wyoming	7	51,750	20,800	100	72,650	45,840
Subtotal	124	784,400	37,170	4,200	825,770	1,651,180
Southern:						
Colorado	10	72,900	3,500	80	76,480	52,290
Kansas	39	131,109	2,163	200	133,472	95,432
New Mexico	7	30,700	3,750	6,100	40,550	95,945
Oklahoma	17	21,525	300	2,050	23,875	92,600
Texas	56	1,082,850	39,200	23,100	1,145,150	2,777,245
Subtotal	129	1,339,084	48,913	31,530	1,419,527	3,113,512
Grand Total	253	2,123,484	86,083	35,730	2,245,297	4,764,692

Crops or Cover Destroyed on Land Not Damaged

Crops or cover was destroyed on 281,331 acres of land not damaged compared to 601,436 acres reported a year ago, a decrease of 320,105 acres, or 53.2%. Crops or cover destroyed in Texas (76,200 acres) and Kansas (65,566 acres) represents 64.7% of crops or cover destroyed in the Southern Great Plains States and 50.4% of the total.



Above is a spring developed under a Great Plains Conservation Program contract to furnish livestock water in the foothills of the Rocky Mountains in Montana. Properly located water supplies are necessary to obtain good grazing distribution. Cross-fences and gates permit periodic resting of ranges to improve the plant cover and to insure a supply of forage throughout the grazing season.





A gully (photo above) on North Dakota wheatland has been turned into a non-eroding grassed waterway (photo below) by filling, shaping and seeding with technical and financial assistance provided through the Great Plains Conservation Program. Grassed waterways permit safe disposal of excess water without erosion or flooding.



Land Not Damaged Due to Emergency Tillage

Emergency tillage to prevent land damage was reported on 2,821,420 acres. Emergency tillage in Texas (2,114,900 acres) represents 75.0% of the total acres so treated. The Southern Great Plains States reported 90.6% of the emergency tillage.

Program Accomplishing Objectives

Spanish-American cooperators of the Conejos County Soil Conservation District, Colorado, rely heavily on the Great Plains Conservation Program a full partner in their effort to protect, conserve, and develop their farms and ranches. Spanish-Americans operate 170 of the 396 farm and ranch units in Conejos County and 157 (92 percent) are cooperators of the soil conservation district. Of the Spanish-American district cooperators, 108 have had or now hold GPCP contracts. This represents 45 percent of the 239 GPCP contracts developed in Conejos County since it was designated for program participation in 1963. The average annual precipitation in the county is seven inches and irrigation water is generally in short supply requiring careful management of the soil and water resources. Conservation practices cost-shared most under the program are pasture and hayland planting, cross-fencing pastureland and rangeland for livestock grazing systems, land leveling for irrigation, reorganizing irrigation systems, and livestock water developments and pipelines.

Complete conservation treatment of a 2,800 acre farm enterprise of small grain and livestock under the Great Plains Conservation Program earned the coveted North Mountrail Soil Conservation District Achievement Award for a farm family near Ross, North Dakota. A conservation plan for wind and water erosion control developed in 1965 started the family on the road to recognition. Most of the 1,100 acres of cropland are stripcropped in 20 rod widths, and for added protection, seven miles of one-row field windbreaks have been planted to prevent wind erosion. The farmstead is also protected now with a seven acre tree planting. All grassland is managed under a planned livestock grazing system for maximum forage production. Springs were developed for livestock water and large pastures were cross-fenced for grazing distribution. The family has always had great concern for wildlife and planned their conservation work to provide food and cover for a variety of wildlife. Wetland, fencerows, and other cover areas are protected from fire and grazing. One-half of all tree plantings are of trees and shrubs that provide food and cover. A combination dam-dugout pond was specifically built for wildlife water. Wildlife on the farm now includes pheasants, sharp-tailed grouse, Hungarian partridge, ducks, deer, antelope, redfox, and coyotes.

A rancher in Stanton County, Kansas, solved his wind erosion problem by seeding a thousand acres of sandy land to native grasses under the Great Plains Conservation Program. He does not have to worry about soil blowing now and he has enough grass for both summer and winter livestock grazing. Four new ponds provide livestock water on the 4,800 acre ranch. A reorganized irrigation system on 137 acres of leveled land conserves water, controls erosion and assures an adequate feed supply for the livestock enterprise. The rancher also built 10 miles of terraces on his non-irrigated cropland to hold rainfall on the land for improved crop production and to control erosion. All crop residues are managed for maximum wind and water erosion control.

(f) Resource Conservation and Development

Appropriation Act, 1973		$26,600,000
Budget Estimate, 1974		8,217,000
Decrease in Appropriation		-18,383,000
Adjustments in 1973:		
Appropriation Act, 1973	$26,600,000	
Transfer to General Services Administration for rental of space	-5,000	
Adjusted base for 1974		26,595,000
Budget estimate, 1974		8,217,000
Decrease in appropriation		-18,378,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	1973	Increase or Decrease	1974 Estimate
Project investigations and planning	$2,311,000	-1,512,000	$799,000
Resource development and technical services	23,968,767	-16,738,767	7,230,000
Loan services	315,233	-127,233	188,000
Total available	26,595,000	-18,378,000	8,217,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1972	1973 (Estimate)	Increase or Decrease	1974 (Estimate)
1. Project investigations and planning	$1,500,000	$2,311,000	1,512,000 (1)	$799,000
2. Resource development and technical services	18,984,298	23,968,767	-16,738,767 (2)	7,230,000
3. Loan services	379,000	315,233	-127,233 (3)	188,000
Total available or estimate	20,863,298	26,595,000 a/	-18,378,000	8,217,000
Transfer to GSA	+3,702	+5,000		
Total appropriation	20,867,000	26,600,000		

PROJECT STATEMENT
(On basis of available funds)

Project	1972	1973 (Estimate)	Increase or Decrease	1974 (Estimate)
1. Project investigations and planning	$1,466,879	$2,298,000	-565,000(1)	$1,733,000
2. Resource development and technical services.	14,435,245	22,460,977	-8,235,977(2)	14,225,000
3. Loan services	341,118	313,233	-125,233(3)	188,000
Total obligations	16,243,242	25,072,210	-8,926,210	16,146,000
Unobligated balance brought forward	-1,786,154	-6,406,210	-1,522,790	-7,929,000
Unobligated balance carried forward	6,406,210	7,929,000	-7,929,000	- -
Total available or estimate	20,863,298	26,595,000 a/	-18,378,000	8,217,000

a/ Includes $7,929,000 withheld from use in 1973 ($69,000 has come principally from funds budgeted for travel). This amount will be carried forward for obligation and reduces the amount of budget authority required in 1974.

(1) A decrease of $1,512,000 in appropriation for project investigations and planning ($2,311,000 appropriated in 1973). This decrease would provide a program level of $1,733,000 in fiscal year 1974, a decrease of $565,000 from FY 1973 on the basis of available funds. Project planning will be started in 15 areas in 1974. Funds requested would permit the continuation of planning 48 project areas and the completion of 20 project area plans in 1974.

(2) A decrease of $16,738,767 in appropriation for resource development and technical services ($23, 968,767 appropriated in 1973). This decrease would provide a program level of $14,225,000 in fiscal year 1974, a decrease of $8,235,977 on the basis of available funds.

As of June 30, 1972, 98 project areas had been authorized with 72 areas in operation. Sponsors were in the process of completing plans in 26 other project areas. A total of 90 project areas are expected to be operational by the end of FY 1973 and 110 by the end of FY 1974.

(3) A decrease of $127,233 in appropriation for loan services ($315,213 appropriated in 1973. The program level of $188,000 in fiscal year 1974 will permit servicing existing loans and the making and insuring of new loans in the amount of $3,600,000 in 1974.

STATUS OF PROGRAM

Current Activities: The Resource Conservation and Development Program was initiated in February 1964 under authority of Section 102 of the Food and Agriculture Act of 1962 (P.L. 87-703) and other existing Departmental authorities. This program is carried on in project areas, which are organized and sponsored by units of state and local government. Local sponsors develop plans for and operate project areas with assistance from the federal government.

The objective of the program is to expand economic opportunities for the people of an area by assisting them in developing and carrying out plans of action for the orderly conservation, improvement, development, and wise use of their natural resources. Agencies of the Department of Agriculture, under program leadership of the Soil Conservation Service, provide technical, financial and loan assistance to local sponsors. The sponsors also seek the assistance of all local, state, and federal agencies which can contribute to the initiation and installation of needed measures.

Basic goals of the Resource Conservation and Development Program are generally as follows:

1. To enable local people to sponsor, initiate and carry out coordinated long-range plans and programs for action in resource conservation and development projects designed specifically to meet the needs and conditions of rural communities.

2. To provide local means of obtaining, coordinating, and using assistance available from the Department and other federal and state sources to help stimulate and develop the resource potentials of the area as shown in the project plan.

3. To create an investment climate attractive to private capital so that resources may be developed to help communities adapt to changing conditions and needs.

4. To develop dynamic rural communities which have a pleasant environment and a satisfactory level of income based on sound, well-planned use of available local resources.

A significant feature of resource conservation and development projects is the creation by local leaders of a climate of confidence and community stability. This stimulates investment of private funds in measures such as: new processing plants; new businesses to provide services; private or community water-based recreation facilities; and land treatment and structural measures designed to enhance and protect other investments.

Types of Assistance Furnished by the Department

Assistance provided under this program can be grouped into two types: (1) preparation of long-range project plans and (2) project operations within authorized areas.

1. Project investigations and planning assistance is furnished to sponsors in new project areas. After RC&D Program assistance has been authorized for the applicant area, the local sponsors start the development of a long-range project plan. Agencies of the Department (Soil Conservation Service, Economic Research Service, and the Forest Service) provide Departmental staff assistance to sponsors in the preparation of their plan. Project sponsors also receive planning assistance from other federal, state, and local agencies. Following a careful study of the land, water, and related resources by the sponsors and involved citizen groups, the sponsors prepare their project plan. The plan describes the area, its basic problems and needs. It sets forth the sponsors' objectives and outlines opportunities forothe development of resources. Sponsors set forth major courses of action to be pursued and set priorities for

solving identified problems and meeting needs of the area. Measures and activities that will improve the area are identified and explained; priorities and schedules for action to carry out measures are included. The plan is "open ended" and is added to or modified to meet changing needs and to capitalize on new opportunities. Plans and schedules are updated annually.

2. Technical and financial assistance in project areas authorized for operations include:

 a. Conduct of necessary resource inventories, soil surveys and interpretations for program formulation, measure planning and installation.

 b. Financial assistance to help eligible sponsors plan and install approved rural development measures; including critical area treatment, flood prevention, farm irrigation, land drainage, soil and water management for the control of agricultural-related pollutants, and public water-based facilities for recreation and fish and wildlife.

 c. Technical assistance to help sponsors plan and install conservation measures which contribute to project objectives.

 d. Loans to local sponsoring agencies and groups to help finance approved project activities and measures.

Program Assignments

Administrative leadership for this program is assigned to the Soil Conservation Service. USDA planning assistance is provided primarily by the Soil Conservation Service, Forest Service, and Economic Research Service. Technical assistance for project operations is provided primarily by the Soil Conservation Service, Forest Service, Economic Research Service and Extension Service. The Farmers Home Administration is responsible for carrying out the loan provisions of the program. In addition, other agencies of the Department provide assistance in accordance with their Departmentally assigned functions.

Other federal agencies provide assistance to project sponsors in accordance with their regularly assigned functions. State and local subdivisions of state government participate as permitted within their legal authorities. Thus, RC&D project activities are broader than those created by assistance from this Department alone.

Selected Examples of Recent Progress:

PROJECT INVESTIGATIONS AND PLANNING

Agency Participation

Funds obligated for project investigations and planning in 1972 and estimates of projected available funds by agency for 1973 and 1974 are shown in the following table:

	1972 Actual	1973 Estimate	1974 Estimate
Soil Conservation Service	1,420,971	2,224,660	1,695,500
Economic Research Service	15,348	16,000	7,500
Forest Service	30,560	57,340	30,000
Total	1,466,879	2,298,000	1,733,000



Sponsors of the Arkansas River Valley RC&D Project in Arkansas assisted the Pope County Highway Department demonstrate erosion control on county highway roadsides on some 17 acres at various locations. County employees sloped and graded the ditch banks and prepared the seedbed. RC&D sponsors furnished seed and fertilizer and did the seeding. Erosion control and reduction of silt movement were demonstrated. Project participants are hopeful that the idea can be extended to all highways in the county. Some landowners are already doing similar work on private roads. The photos are before and after the demonstration on a section of county road north of London, Arkansas.



Status of Project Planning

Resource conservation and development projects are initiated, sponsored and directed by local governing bodies of soil and water conservation districts, county governments, cities, towns, and special purpose districts in cooperation with state governments and their agencies, subdivisions of state government and local agencies and groups. Projects are located where increased attention to community problems of resource treatment and other soil and water conservation activities is essential to the full development and prudent utilization of resources for community improvement. Rural areas subject to rapid and significant economic change also benefit from this project approach to prudent use of land and related resources.

Project areas, with but one exception, cover two or more counties. People within a project area recognize common interests, resources, problems, and needs and by working together are able to develop the potential of the area and provide opportunities for better rural living conditions. Effectiveness of projects depends upon resources available to the people, local leadership, and teamwork among public agencies assisting the sponsors.

Resource conservation and development plans for project areas were completed in 72 projects as of June 30, 1972; planning was underway in 26 other project areas, and there were 69 applications for assistance on hand. Projections indicate plans will be completed this fiscal year for 18 of the 26 projects where planning is underway. This makes a total of 90 plans for project areas which will be completed by the end of 1973 fiscal year. It is estimated that plans will be completed for 20 additional project areas during the 1974 fiscal year. This will make a total of 110 project plans expected to be completed by the end of 1974 fiscal year. Planning will be initiated during 1974 fiscal year in another 15 project areas.

Sponsors' goals and objectives in project plans are progressive. Far reaching policy decisions and planned actions are designed to improve the level of living for people in the area; enhance the environment; effect orderly land use change; improve water supplies; accelerate erosion and sediment control; reduce flooding; lessen water and land pollution; develop public water-based recreation facilities; develop wood products and other industries; improve scenic and historical attractions to encourage and develop tourist trade; and other similar community development measures.

Item	1972 Actual	1973 Estimate	1974 Estimate
Planning Starts (no.)	20	25	15
Planning Starts (cumulative)	98	123	138
Plans in Process during year (no.)	33	51	48
Plans Completed during year (no.)	7	18	20
Plans Completed cumulative (no.)	72	90	110

RESOURCE DEVELOPMENT AND TECHNICAL SERVICES

Agency Participation

The following table shows the funds obligated for resource development and technical services in 1972 and estimates of projected available funds by agency for 1973 and 1974.

Agency	1972 Actual	1973 Estimate	1974 Estimate
Soil Conservation Service	12,995,494	21,018,177	13,353,500
Economic Research Service	205,839	211,000	128,500
Extension Service	427,000	427,000	256,000
Forest Service	806,912	804,800	487,000
Total	14,435,245	22,460,977	14,225,000

Project Operations Obligations

	1972 Actual		1973 Estimate		1974 Estimate	
	Number	Amount	Number	Amount	Number	Amount
Projects in operation and amounts obligated:		(Dollars in thousands)				
a. Underway at beginning of yr.	65	$13,945	72	$21,201	90	$12,825
b. Authorized during year.....	7	490	18	1,260	20	1,400
Total in operations.....	72	14,435	90	22,461	110	14,225
Prior year obligations.....	XX	41,493	XX	55,928	XX	78,389
Total obligations (cumulative)....	XX	55,928	XX	78,389	XX	92,614

RC&D PROJECTS AUTHORIZED

(Includes all project areas with plans underway or complete as of June 30, 1972)

State	Authorized Projects	Counties	Acreage (000)	Cumulative Obligations
Alabama	2	18	7,490	3,155,402
Alaska	-	-	-	--
Arizona	3	9	35,659	341,305
Arkansas	4	39	17,248	4,223,745
California	1	2	5,269	405,754
Caribbean Area	1	1	85	46,791
Colorado	3	24	18,562	1,326,563
Connecticut	1	4	1,177	517,753
Delaware	1	3	1,266	46,339
Florida	2	18	7,644	395,944
Georgia	4	14	3,355	2,722,340
Hawaii	1	1	714	265,365
Idaho	2	11	6,669	1,693,637
Illinois	2	19	4,321	1,183,577
Indiana	2	12	2,520	2,271,926
Iowa	3	16	5,552	720,567
Kansas	3	20	9,490	815,053
Kentucky	2	16	4,040	1,217,748
Louisiana	3	20	8,376	1,338,379
Maine	2	5	5,451	1,576,034
Maryland	1	3	668	256,522
Massachusetts	1	2	1,077	221,524
Michigan	2	28	14,665	953,510
Minnesota	2	13	8,040	2,389,179
Mississippi	3	50	18,218	2,248,928
Missouri	2	15	6,748	2,158,257
Montana	2	5	6,457	1,508,982

State	Authorized Projects	Counties	Acreage (000)	Cumulative Obligations
Nebraska	1	11	9,030	426,204
Nevada	1	8	15,852	548,666
New Hampshire	1	4	3,161	923,488
New Jersey	-	-	-	--
New Mexico	2	11	23,569	2,752,398
New York	2	12	6,233	2,175,845
North Carolina	2	12	3,646	980,477
North Dakota	1	10	9,048	499,562
Ohio	3	13	3,890	826,160
Oklahoma	3	21	12,432	1,978,483
Oregon	2	8	10,221	3,297,070
Pennsylvania	2	9	4,602	1,936,640
Rhode Island	1	5	671	22,680
South Carolina	3	17	7,219	1,616,693
South Dakota	2	12	11,171	1,625,242
Tennessee	2	19	4,619	1,789,333
Texas	4	25	13,827	1,653,721
Utah	1	2	4,227	1,511,134
Vermont	1	4	1,107	1,159,887
Virginia *	-	3	803	466,261
Washington	1	4	2,157	248,112
West Virginia	4	27	7,116	2,022,218
Wisconsin	2	20	12,614	2,398,425
Wyoming	2	10	22,010	674,231
Totals	98	635	389,986	65,534,054

* Virginia shares a project with West Virginia.

Project Operations Accelerate Resource Development

When each project is authorized for operations, local staffs of the Soil Conservation Service are increased as budget permits to meet the added workload. Other federal and state agencies cooperate in furthering resource development by furnishing help to install planned measures.

Acceleration of soil surveys is needed in many project areas to serve as a basis for planning and carrying out other measures. Much of the conservation work already planned on individual farms and ranches through conservation districts contributes to the program. However, plan revisions may be needed to take full advantage of community resource development and management opportunities. Planning and applying additional land treatment measures on farms and ranches in selected areas is an important resource conservation and development activity. Such areas generally are those where additional treatment is needed to adequately support and protect community-type measures that are to be installed.

In the 72 projects authorized for operation, 4,425 measures were completed and placed in operation by June 30, 1972. Measures contribute significantly to: (1) solving land use, economic, and social problems; (2) a realization of development opportunities; and (3) increased employment and income in project areas. Measures include critical area treatment, flood prevention, farm irrigation, land drainage, soil and water management for agriculture-related pollutant control, public water-based fish and wildlife and recreation development, and acceleration of ongoing programs. In addition there are associated measures in which the sponsors plan and carry out specific actions either as the primary leaders or in a supporting role to other leaders or organizations on facilities, activities or enterprises necessary for utilization, processing, and marketing of natural resource products plus development of enterprises compatible with project objectives.

Sponsors, in initiating measures to attain their objectives, will seek assistance which goes beyond that available in this Department. These include improvements such as municipal water and sewer systems, hospitals, roads, industrial parks and others. One of the major advantages of an RC&D project is that community problems can be and are analyzed. This permits concentration of a broad range of resources on identified problems for their rapid solution, and brings community involvement in the solution of problems basic to sound land use and resource development.

Cooperative Work Producing Results

Other federal programs, state and local agencies, and private enterprise assist in the planning and installation of measures and other activities. A summary of measures installed by June 30, 1972 follows:

STATUS OF 72 RESOURCE CONSERVATION AND DEVELOPMENT PROJECTS IN OPERATION

June 30, 1972

Types of RC&D Measures	Unit	Measures Completed	
		FY 1972	Cumulative To Date
Accelerated Services	No.	115	404
Critical Area Treatment	No.	50	176
Flood Prevention	No.	38	160
Farm Irrigation	No.	13	101
Land Drainage	No.	8	60
*Public Water-Based Recreation	No.	--	5
*Public Water-Based Fish & Wildlife	No.	--	1
Public Recreation or Fish & Wildlife Developments	No.	134	600
Water Developments	No.	23	288
Special Resource Studies & Inventories	No.	147	558
Highways, Roads, Trails & Scenic Highways	No.	25	150
Cooperatives & Associations	No.	15	65
Agri. & Forest Product Processing or Marketing Industry	No.	29	147
Industrial Development	No.	25	167
Public Facilities or Services	No.	202	816
Educational	No.	60	221
Other	No.	130	506
Totals		1,014	4,425

* PL 91-343 assisted.

Conservation Measures Applied in Project Areas

The following table shows the application of selected conservation measures in fiscal year 1972 and cumulative to date under all programs in the 72 operational RC&D project areas:

Project Measures	Unit	Installed in 1972 With Assistance Under		Est. Practices "On The Land" in Active Projects as of 6/30/72
		RC&D Program	Other Programs	
Access Road	Miles	35	310	4,337
Bedding	Acres	46	3,448	123,000
Brush Control	Acres	40,831	816,235	6,487,000
Chiseling and Subsoiling	Acres	6,027	243,023	1,288,000
Clearing and Snagging	Miles	- -	20	560
Commercial Fish Ponds	Acres	22	2,052	30,000
Conservation Cropping System	Acres	51,626	2,528,469	19,982,000
Contour Farming	Acres	11,404	305,541	3,362,000
Critical Area Planting	Acres	6,674	14,846	326,000
Crop Residue Management	Acres	61,928	2,704,888	17,201,000
Dam, Diversion	No.	4	56	4,638
Dam, Multiple-purpose	No.	4	12	661
Dam, Multiple-purpose	Ac.Ft.	868	496	1,732,000
Debris Basin	No.	3	443	30,000
Deferred Grazing	Acres	62,608	962,804	9,728,000
Dike	Miles	1	33	1,022
Disposal Lagoon	No.	4	122	453
Diversion	Miles	8	254	13,000
Drain	Miles	9	780	24,000
Drainage Field Ditches	Miles	17	649	29,000
Drainage Land Grading	Acres	11	7,578	76,000
Drainage Main or Lateral	Miles	9	450	34,000
Farmstead and Feedlot Windbreak	Acres	1	23,937	65,000
Fencing	Miles	24	564	43,000
Field Border	Miles	2	74	2,647
Field Windbreak	Miles	- -	642	14,000
Firebreak	Miles	5	444	7,747
Fish Raceway	Feet	160	2,741	7,563
Fishpond Management	No.	700	9,777	83,000
Fish Stream Improvement	Feet	525	13,510	411,000
Floodwater Diversion	Feet	- -	3,360	258,000
Floodwater Retarding Structures	No.	11	34	783
Floodwater Retarding Structures	Ac.Ft.	5,909	656	737,000
Floodway	Feet	- -	11,380	712,000
Grade Stabilization Structures	No.	55	2,108	22,000
Grassed Waterway or Outlet	Acres	134	11,113	145,000
Grazing Land Mechanical Treatment	Acres	- -	5,802	220,000
Heavy Use Area Protection	Acres	31	181	13,000
Hedgerow Planting	Miles	2	21	2,168
Holding Ponds and Tanks	No.	1	189	271
Irrigation Canal or Lateral	Miles	4	30	4,166
Irrigation Ditch and Canal Lining	Miles	- -	80	2,169
Irrigation Field Ditch	Miles	20	103	13,000
Irrigation Land Leveling	Acres	1,140	30,212	859,000
Irrigation Pipeline	Miles	7	122	1,828
Irrigation Pit or Regulating Reservoir	No.	2	19	3,252
Irrigation Storage Reservoir	No.	3	39	8,654
Irrigation Storage Reservoir	Ac.Ft.	1,169	3,311	916,000

Project Measures	Unit	Installed in 1972 With Assistance Under		Est. Practices "On The Land" in Active Projects as of 6/30/72
		RC&D Program	Other Programs	
Irrigation System, Sprinkler	No.	22	334	12,000
Irrigation System, Sprinkler	Acres	769	20,250	699,000
Irrigation System, Surface and Subsurface	No.	17	201	12,000
Irrigation System, Surface and Subsurface	Acres	1,093	13,189	1,356,000
Irrigation System, Tailwater Recovery	No.	- -	34	729
Irrigation Water Management	Acres	12,082	428,028	2,153,000
Land Smoothing	Acres	902	36,969	1,214,000
Livestock Exclusion	Acres	9,476	60,473	2,618,000
Minimum Tillage	Acres	16,667	128,563	1,158,000
Mulching	Acres	553	3,929	44,000
Open Channels	Miles	16	12	1,816
Pasture and Hayland Management	Acres	87,484	2,151,993	10,223,000
Pasture and Hayland Planting	Acres	30,093	463,627	10,589,000
Pipeline	Miles	67	658	4,432
Planned Grazing Systems	Acres	53,479	604,590	3,995,000
Pond	No.	562	7,016	275,000
Prescribed Burning	Acres	3,352	88,413	871,000
Proper Grazing Use	Acres	238,484	8,479,915	35,929,000
Pumping Plant for Water Control	No.	2	157	11,000
Range Seeding	Acres	1,050	29,597	1,343,000
Recreation Area Improvement	Acres	1,393	5,457	352,000
Recreation Land Grading and Shaping	Acres	92	5,884	43,000
Recreation Trail and Walkway	Miles	93	76	2,370
Spring Development	No.	14	441	18,000
Stock Trails and Walkways	Feet	- -	36,282	4,290,000
Streambank Protection	Miles	2	22	1,329
Stream Channel Stabilization	Miles	- -	6	126
Stripcropping	Acres	360	67,483	2,765,000
Structures for Water Control	No.	220	3,097	141,000
Terrace, Basin	Miles	- -	8	21
Terrace, Gradient	Miles	1	805	80,000
Terrace, Level	Miles	- -	411	12,000
Terrace, Parallel	Miles	- -	418	9,000
(Total, Terraces)	Miles	(1)	(1,642)	(101,021)
Toxic Salt Reduction	Acres	- -	320	47,000
Tree Planting	Acres	3,247	61,349	3,850,000
Trough or Tank	No.	69	1,846	69,000
Waterspreading	Acres	20	8,984	259,000
Well	No.	30	737	68,000
Wildlife Upland Habitat Management	Acres	79,408	683,348	6,041,000
Wildlife Wetland Habitat Management	Acres	6,075	87,116	860,000

Project Measures	Unit	Installed in 1972 With Assistance Under		Est. Practices "On the Land" in Active Projects as of 6/30/72
		RC&D Program	Other Programs	
Wildlife Water Facility	No.	19	120	3,645
Woodland Direct Seeding	Acres	1,151	910	46,000
Woodland Improved Harvesting	Acres	13,838	400,467	8,359,000
Woodland Improvement	Acres	3,731	87,655	4,760,000
Woodland Pruning	Acres	77	2,044	26,000
Woodland Site Preparation	Acres	860	38,421	751,000
Land adequately treated	Acres	292,050	5,204,257	- -
Land adequately protected	Acres	- -	- -	101,760,000

Highlights of Program Progress

Highlights of progress as of June 30, 1972, in several projects representative of the 72 that were in operation as of that date, are as follows:

Lincoln Hills RC&D Area, Indiana: This project has been in operation for about 8 years. Enthusiasm and interest remains at a high level as people in the area continue working together.

A local sawmill owner is now buying logs from 27 producers. He debarks all logs, saws the quality logs into lumber and ties, and chips the remainder for delivery to 2 papermills. This complete utilization of raw materials results in increased economic returns. The fourth annual lumber grading short course had good attendance with many compliments concerning the value of the course. A "timber industry" meeting at which 5 bankers and 35 timber industry representatives met to develop a better understanding of problems and needs has opened ways for mutual cooperation this year.

Eight thousand (8,000) acres of critically eroding land has now been planted to trees and wildlife plants for erosion control, wildlife habitat development, future timber production and beautification under the guidance of project sponsors.

Roadbank erosion control continues to be a major interest. Approximately 100 acres of critically eroding roadbanks are shaped and established with vegetative cover each year by about 60 oldsters doing the work through "Operation Mainstream."

The Buffalo Trace Conservation Lake and Park in Harrison County is now a reality. The 29-acre lake was completed in 1971 and a contract was let this year for the development of recreational facilities.

The Milltown Feeder Auction in FY 1972 sold 3,606 feeder cattle and grossed $571,736. This activity had a 50% increase in cattle sold and a 60% increase in dollars returned for cattle over FY 1971.

Catfish production was started this past year with 40,000 feeder catfish being fed in floating cage structures and loose in ponds to demonstrate the possibilities for growing catfish in the Lincoln Hills area.

Progress continues in human resource development. Three hundred and five (305) adults took vocational courses this fiscal year bringing the total to 1,117 since classes were offered in 1969

Chestatee-Chattahoochee RC&D Area, Georgia: This project has been in operation since July of 1971. During the past year, the project progressed on 14 of its 16 overall objectives. Sponsors are engaged in implementing accelerated conservation planning, land treatment, economic development, and other community improvements. To date, sponsors have furthered 71 measures with more than 35 measures having been completed during the first year of operation.

Examples of progress include 7 recreation developments, 4 rural water and sewage systems, 4 solid waste collection and disposal services, 3 improved housing projects, 2 improved health services, 3 rural fire and rescue services, and several roadbank stabilization measures.

Upper Willamette RC&D Area, Oregon: Sponsors of this project, authorized for operations in March of 1965, have developed very good working relations with the District 4 and 5 councils of government in planning and completing RC&D measures.

The Oakridge flood prevention and water management measure, completed in late 1971 with $100,000 of RC&D funds, now provides relief from flooding and pollution, and needed drainage.

There is now increasing use made of thinnings from Douglas-fir stands for production of posts and poles. Post-peeling enterprises have grown from one in 1967 to 8 in 1972. Posts and poles are now increasingly being used for farm buildings, vacation log cabins, pole corrals and fencing.

A massive cleanup along 35-40 miles of the Siuslaw River and its tributaries has been completed. Participants included civic groups, boy scouts, individuals, as well as state and federal agencies.

An annual beautification activity has participation from 9 communities. Activities are tree planting, park development, highway landscaping, general cleanup and painting.

Eleven (11) communities have been provided with basic resource information including detailed soil map and soil behavior data for use by the communities in developing land use plans.

Penn Soil RC&D Area, Pennsylvania: In the Penn Soil area, authorized for operations in November of 1964, the project sponsors continue their program of critical area planting and roadbank stabilization. A total of 1,475 acres of critical areas, including 125 acres of roadbanks, have been treated to date.

A flood plain risk map has been prepared for the Borough of Sandy Lake, defining the nonprotected areas. A recreation potential study of Sandy Creek has been made for the Borough of Sandy Lake. There is an increased demand for land-based public recreation in the project area. Sponsors are working on plans for improveing land to make it more useable for recreation purposes.

Bear River RC&D Area, Utah-Idaho: The Tremonton-Garland Drain in Box Elder County, Utah, was completed after 4 years of work. This project measure was being implemented by an organized drainage district which includes the cities of Tremonton and Garland, and adjacent farmland. About 690 acres of residential and business areas and 1,310 acres of agricultural land are being benefited by a lower ground water table. Previously, a high water table adversely affected crop production and damaged foundations and basements of homes and sewer systems in the area.

The Paradise Sprinkler Irrigation System in Cache County, Utah, benefits 110 landowners operating 420 acres of land by preventing waterlogging of land, increasing crop production, controlling erosion and sedimentation and providing for more equitable and efficient use of water.



Before 1966 there were no manufacturing jobs in Summers County, West Virginia. Then a factory was constructed, but the first two tenants were flooded out of business. Now, due to efforts of the Mountain-Dominion RC&D Project sponsors and others, a dike more than a quarter-mile long surrounds the factory protecting it from floodwaters of the Greenbrier River, and nearly 100 local people are at work inside making men's and boy's clothing.



The Third Creek Diversion and Pipeline in Oneida County, Idaho, benefits about 175 rural homeowners, and 45 farmers who operate 3,000 acres of cropland. This project measure alleviates what has been an annual late season water shortage and will correct an erosion and flood hazard on Third Creek by diverting water into the Upper Deep Creek Reservoir. The measure also provides for a recreation park of about 12 acres.

RESOURCE CONSERVATION AND DEVELOPMENT LOANS

The following table shows the amount of funds obligated for loan services in fiscal year 1972 and estimated for 1973 and 1974:

Agency	1972 Actual	1973 Estimate	1974 Estimate
Farmers Home Administration	$341,118	$313,233	$188,000

Loan services must be provided from Resource Conservation and Development funds because the agricultural credit insurance fund of the FHA is not available for such expenses. Estimates for each fiscal year are based on the servicing workload as shown in the following table on status of loans.

(Dollars in thousands)

Explanation	1972 Actual		1973 Estimate		1974 Estimate	
	No.	Amount	No.	Amount	No.	Amount
1. Applications on hand at beginning of year	28	$2,156	16	$1,474	85	$7,624
2. Applications received during year	18	1,300	150	10,000	100	5,000
3. Total applications for consideration during year	46	3,456	166	11,474	185	12,624
4. Loans obligated during year	16	982 1/	76	3,600	76	3,600
5. Loans closed during year (disbursements)	(21)	(1,243) 2/	(37)	(2,000)	(64)	(3,000)
6. Applications withdrawn or disapproved	14	1,000	5	250	5	250
7. Applications pending at end of year	16	1,474	85	7,624	104	8,774
8. Loans obligated end of year (cumulative)	128	8,823	204	12,423	280	16,023

1/ Obligations are not adjusted for prior year loan cancellations.
2/ Includes funds from FHA direct loan account and carryover funds appropriated to Soil Conservation Service.

Status of Resource Conservation and Development Loans

Loans are made to eligible local sponsoring organizations, when needed to help them finance the local share of the cost of installing planned project measures in approved resource conservation and development areas. Loans encourage increased investment of private and other governmental funds in resource development.

The Appropriation Acts, beginning with fiscal year 1973, provide that loans will be made from funds available in the Farmers Home Administration agricultural credit insurance fund. Funds for loan services will continue to be provided from funds appropriated under this appropriation item.

(g) Plant Materials Center

PROJECT STATEMENT

The following reflects the use of sales proceeds that remain available to complete construction of the Lockeford, California, Plant Materials Center.

	1972	1973 (estimated)	1974 (estimated)
Relocation of Plant Materials Center in California:			
Obligations	$379	$15	---
Unobligated balance, start of year	-394	-15	---
Unobligated balance, end of year	15	---	---
Total available or estimate	---	---	---

STATUS OF PROGRAM

Public Law 90-85, approved September 11, 1967, authorized the Secretary of Agriculture to convey to the County of Alameda, State of California, by quit-claim deed, for not less than fair market value as determined by independent appraisal, all rights, title, and interest of the United States in and to the Pleasanton Plant Materials Center, situated in Alameda County, California.

Section 2 of that Act authorized the Secretary of Agriculture to apply the proceeds of the sale of the Pleasanton Plant Materials Center to the costs of acquiring other lands or interests in land in the State of California which the Secretary deemed suitable for a plant materials center to be established as a replacement for the Pleasanton Plant Materials Center, to the cost of construction and alteration of buildings and the development of such other improvements thereon as may be necessary for the establishment of the plant materials center, and to the costs of removal to such center of the functions of the Pleasanton Plant Materials Center, including the expenses incident to the transfer of personnel, and the removal of equipment, planting stock, and other property.

The Pleasanton Plant Materials Center was sold to the County of Alameda, State of California on January 20, 1970 for $745 thousand and an initial payment of $300 thousand was made to the Soil Conservation Service. A payment in the amount of $100 thousand was made on March 1, 1970, another $100 thousand was paid on October 1, 1970, and the remaining $245 thousand was paid on January 8, 1971.

A new nursery site to be known as the Lockeford Plant Materials Center was purchased on April 7, 1970 for $250 thousand. The land has been paid for and land conditioning has been completed. Buildings, authorized by Public Law 90-85, are in final stages of construction. Nursery stock has been planted and employees were transferred during fiscal year 1972.

PASSENGER MOTOR VEHICLES

The 1974 estimates propose the purchase of 175 additional and 250 replacement passenger motor vehicles.

The passenger motor vehicles of the Soil Conservation Service are distributed among 50 state offices and Puerto Rico, 237 area offices and various technical specialists located at field headquarters. None of these vehicles are used in Washington, D. C. The vehicles are used in rural and other areas where common carrier facilities are either non-existent, uneconomical or inadequate due to the nature of the travel which requires a high degree of mobility with frequent stops at field offices, job sites or other places not serviced by common carrier. Also two or more persons often are required to travel together, sometimes for long distances. The use of pickup or truck type vehicles for such trips is impractical and less safe than passenger vehicles. Resident technicians servicing farmers and ranchers in conservation districts generally do not use passenger vehicles but travel in pickup trucks to field areas to conduct surveys and to assist in preparation of conservation plans, to lay out conservation practices, and to perform other field work essential to the programs of the Service.

Passenger motor vehicles are not assigned to one individual exclusively at locations where more than one employee has need for them. This allows several employees to use a single car and minimizes the number of vehicles and maintenance costs.

On June 30, 1972, the Soil Conservation Service had 1,242 passenger cars out of a total fleet of 11,154 vehicles including pickup trucks, sedan deliveries (light trucks) and jeeps. The Service also had 17 heavy trucks and 167 special purpose vehicles at selected locations.

Purchase of Additional Passenger Motor Vehicles

Passenger motor vehicles to replace trucks:

The Service proposes to purchase 175 passenger motor vehicles in fiscal year 1974 to replace a like number of light delivery trucks, (classified as trucks under 12,500 lbs., 4x2), commonly called sedan deliveries. This will continue the planned gradual reduction in the number of sedan delivery type vehicles that have reached mileage and age requirements for disposal.

These sedan delivery vehicles are used primarily by technical specialists with area- or state-wide responsibilities. Average annual use exceeds 10,000 miles largely over improved roads. The small tools, engineering and other equipment used by these personnel can be transported equally as well in a passenger car as in a sedan delivery truck. Sedans also provide space for additional passengers when it is necessary or desirable for more than 2 employees to travel together.

Truck prices are rising rapidly. The most recent data on vehicle costs were: light duty pickups $2,500, heavy duty about $2,800 and sedan deliveries $2,800. We expect these costs to increase another $200 in fiscal year 1974. As a result of these rising acquisition costs and higher depreciation, sedans are expected to provide even greater savings over truck transportation in the future.

Replacement of passenger motor vehicles

The 1974 estimates provide for the replacement of 250 passenger motor vehicles during the fiscal year. The vehicles proposed for replacement will have passed the minimum standards of 60,000 miles or 6 years of age established by the General Services Administration or will be beyond economic repair due to accident or other causes.

The Service is continuing its effort to carry out a sound and effective replacement program. During fiscal year 1972, 155 replacements were accomplished. The 240 replacements planned for 1973 and 250 for 1974 will enable the Service to replace most vehicles over 7 years of age or 70,000 miles. Actual replacements, however, will take into consideration economy of operation and expected use factors as well as prescribed age and mileage standards.

Activity and Use of Passenger Motor Vehicles Planned for Purchase

The following table indicates the use and number of passenger motor vehicles proposed for purchase and replacement during the fiscal year 1974:

Activity and Use	Proposed Additional Purchases (To Replace Trucks)	Scheduled for Replacement
Conservation Operations - For use by Area Conservationists, technical specialists, survey supervisors, and State Office personnel	130	160
Watershed Planning - For use by watershed planning party leaders and technical specialists assisting local sponsors prepare watershed work plans	5	15
River Basin Surveys and Investigations - For use by river basin survey coordinators and staff members in conducting river basin surveys and investigations	- -	15
Watershed Works of Improvement - For use by Assistant State Conservationists for watershed and by technical specialists in supervising installation of works of improvement in authorized projects and negotiating with local sponsors	20	28
Flood Prevention - For use by technicians in planning and installing works of improvement in the 10 uncompleted authorized projects	5	14
Resource Conservation and Development - For use by project coordinators and project staff members assisting local sponsors prepare work plans and carry out planned resource conservation and development work in coordination with ongoing programs in approved project areas	15	18
Total	175	250

The Soil Conservation Service had 1,242 passenger motor vehicles on hand on June 30, 1972. Age and mileage data for these vehicles are as follows:

Model	Number of Vehicles	Percent of Total	Lifetime Mileage (Thousands)	Number of Vehicles	Percent of Total
1963	16	1.3	over 100	21	1.7
1964	23	1.8	80-100	99	8.0
1965	62	5.0	60-80	215	17.3
1966	103	8.3	50-60	139	11.2
1967	131	10.5	40-50	126	10.1
1968	174	14.0	30-40	129	10.4
1969	145	11.7	20-30	115	9.2
1970	160	12.9	10-20	282	22.7
1971	344	27.7	1-10	84	6.8
1972	84	6.8	under 1	32	2.6
Totals	1,242	100.0		1,242	100.0

FOOD AND NUTRITION SERVICE

Purpose Statement

The Food and Nutrition Service was established August 8, 1969, by Secretary's Memorandum No. 1659 and Supplement 1 pursuant to the authority contained in 5 U.S.C. 301 and the Reorganization Plan No. 2 of 1953.

A comprehensive and concerted effort toward eliminating hunger and malnutrition in this country is being undertaken by the Food and Nutrition Service through food assistance programs providing access to a nutritionally adequate diet to persons in need and encouraging better eating patterns among children and the elderly. The Food and Nutrition Service administers the following programs.

Child Nutrition Programs. Working through State agencies, the Food and Nutrition Service provides Federal assistance in cash and commodities for use in preparing and serving nutritious meals to children while attending school, residing in service institutions or participating in other organized activities away from home. The purpose is to maintain the health and provide proper diets for the proper physical development of American children. The child nutrition package is composed of the National School Lunch Program, the School Breakfast Program, the Equipment Assistance Program, and the meal programs for non-school activities. Grants are also made for nutritional training and surveys and to cover State administrative expenses. These programs are financed by the Child Nutrition appropriation; with cash and commodities made available from Section 32; and with donated commodities made available by the Commodity Credit Corporation under Section 416 of the Agricultural Act of 1949, as amended.

Special Milk Program. Federal assistance is given to States to reimburse eligible schools and child-care institutions without other food service programs which inaugurate or expand milk services in order to increase the consumption of fluid milk by children. Funds for this program are provided by direct appropriation.

Food Stamp Program. In cooperation with the State social service agencies, the Food and Nutrition Service helps persons and families with low incomes to obtain a nutritionally adequate diet through regular retail food stores. Food stamps with a face value higher than the cash paid are issued to participating households. Those with no income receive their stamps free and in no instance does the charge exceed 30 percent of income. Funds for this program are provided by direct appropriation.

Direct Distribution of Commodities to Families. Also in cooperation with the State social service agencies, packaged food is distributed to low-income families to help improve their diets. In addition, special supplemental foods are given to expectant women and mothers of infants in selected areas. The program is carried out with cash and commodities made available from Section 32 and with commodities donated by CCC under Section 416.

Direct Distribution of Commodities to Institutions. Commodities are distributed to eligible non-profit residential institutions in order to help improve the diets of needy residents. The program is carried out with commodities made available from Section 32, and by CCC under Section 416.

Field operations are carried out by FNS employees located in five regional offices and approximately 275 field locations. Their responsibility is to work cooperatively with State and local authorities in effective administration of the total Federal, State and local food assistance effort.

Available Funds and Man-Years
1972 and Estimated 1973 and 1974

Item	Actual 1972 Amount	Actual 1972 Man-Years	Available 1973 Amount	Available 1973 Man-Years	Budget Estimate 1974 Amount	Budget Estimate 1974 Man-Years
Food and Nutrition Service:						
Child Nutrition Programs a/	b/ $595,886,100	284	c/ $590,454,000	323	$755,243,000	336
Special Milk Program	d/ 104,000,000	47	e/ 97,123,000	48	25,000,000	35
Food Stamp Program	2,285,037,419	1,342	2,495,654,000	1,409	2,195,750,000	1,429
Allotment from Removal of Surplus Agricultural Commodities (Section 32)	333,788,641	262	577,646,000	270	527,060,000	230
Total, Food and Nutrition Service	3,318,712,160	1,935	3,760,877,000	2,050	3,503,053,000	2,030

a/ Includes transfers from Section 32 in lieu of direct appropriation as follows: 1972, $232,043,000; 1973, $119,165,000; estimated 1974, $199,631,000.

b/ Excludes $19,279,720 carryover from FY 1971.

c/ Excludes $10,826,598 carryover from FY 1972.

d/ Excludes $1,910,511 carryover from FY 1971.

e/ Excludes $1,949,068 carryover from FY 1972.

The following table reflects the Food Assistance Programs under all funds available to the Department of Agriculture:

Food Assistance Programs-Fiscal Years 1972-1974
(Program Level-Dollars in Thousands)

Program	1972 Actual	1973 Current Estimate	1974 Budget Estimate	1973 Estimate Compared with 1974 Estimate
A. CHILD NUTRITION PROGRAMS:				
1. Cash Grants to States:				
(a) School Lunch (Sec. 4):				
Child Nutrition Programs	$ 224,403	$ 225,747	$ 348,000	+$ 122,253
Special Feeding Program (Sec. 32)	28,182	114,253	---	- 114,253
Subtotal	252,585	340,000	348,000	+ 8,000
(b) Free and Reduced Price Lunches:				
Child Nutrition Programs	236,823	246,002	237,040	- 8,962
Special Feeding Program (Sec. 32)	265,200	373,998a/	425,960	+ 51,962
Subtotal	502,023	620,000	663,000	+ 43,000
(c) School Breakfast:				
Child Nutrition Programs	24,311	19,935	60,000	+ 40,065
Special Feeding Program (Sec. 32)	2,230	32,415	---	- 32,415
Subtotal	26,541	52,350	60,000	+ 7,650
(d) Nonfood Assistance:				
Child Nutrition Programs	15,897	15,000	16,110	+ 1,110
Special Feeding Program (Sec. 32)	1,900	1,110	---	- 1,110
Subtotal	17,797	16,110	16,110	---
(e) State Administrative Expenses:				
Child Nutrition Programs	1,483	1,500	1,500	---
Special Feeding Program (Sec. 32)	1,767	2,000	2,000	---
Subtotal	3,250	3,500	3,500	---
(f) Nonschool Food Program:				
Child Nutrition Programs	31,358	20,775	20,000	- 775
Special Feeding Program (Sec. 32)	11,225	53,225	60,600	+ 7,375
Subtotal	42,583	74,000	80,600	+ 6,600
Total, Cash Grants to States	844,779	1,105,960	1,171,210	+ 65,250
2. Commodities to States:				
(a) Section 6	63,340	64,325	64,325	---
(b) Section 32	109,417	86,520	92,575	+ 6,055
(c) Section 416	111,271	156,800	156,800	+ ---
Total, Commodities	284,028	307,645	313,700	+ 6,055
3. Nutritional Training and Surveys	605	1,000	1,000	---
4. Federal Operating Expenses	6,119	6,940	7,325	+ 385
Total, Child Nutrition Programs	1,135,531	1,421,545	1,493,235	+ 71,690

a/ Includes supplemental of $21,960.

Program	1972 Actual	1973 Current Estimate	1974 Budget Estimate	1973 Estimate Compared with 1974 Estimate
B. SPECIAL MILK PROGRAM:				
1. Cash Payments	$ 95,027	$ 96,374	$ 24,351	-$ 72,023
2. Operating Expenses	701	741	649	-92
Total, Special Milk Program	95,728	97,115	25,000	- 72,115
C. FOOD STAMP PROGRAM:				
1. Program Costs	1,895,964	2,169,997	2,171,560	+ 1,563
2. Operating Expenses	20,867	23,335	24,190	+ 855
Total, Food Stamp Program	1,916,831	2,193,332	2,195,750	+ 2,418
D. DIRECT DISTRIBUTION TO FAMILIES:				
1. Section 32 Commodities	147,141	138,979	132,695	- 6,284
2. Section 416 Commodities	124,717	108,300	93,122	- 15,178
3. Financial Assistance to States (Sec. 32)	17,659	16,700	14,000	- 2,700
4. Nutrition Supplement (Special Packages):				
(a) (Special Feeding Program Spec. Sec. 32)	1,503	1,405	20,000	+ 18,595
(b) Section 32 Commodities	12,659	14,731	---	- 14,731
Total, Nutrition Supplement	14,162	16,136	20,000	+ 3,864
Total, Direct Distribution to Families	303,679	280,115	259,817	- 20,298
E. DIRECT DISTRIBUTION TO INSTITUTIONS:				
1. Section 32 Commodities	1,451	1,597	1,597	---
2. Section 416 Commodities	15,681	24,700	24,700	---
Total, Direct Dist. to Institutions	17,132	26,297	26,297	---
F. SECTION 32 OPERATING EXPENSES:				
1. Food and Nutrition Service	4,123	4,500	4,500	---
2. Agricultural Marketing Service	2,555	2,584	2,600	+ 16
Total, Section 32 Operating Expenses	6,678	7,084	7,100	+ 16
G. NUTRITION EDUCATION (Extension Service including Administrative Expenses)	49,424	49,560a/	48,360	- 1,200
TOTAL, FOOD ASSISTANCE	3,525,003	4,075,048	4,055,559	- 19,489
RECAPITULATION:				
Direct Appropriation (including transfers authorized in annual appropriation Acts)	2,666,322	2,941,231	3,024,410	+ 83,179
Special Feeding Program (Section 32)	320,935	589,406b/	508,560	- 80,846
Section 32 (Commodities and related expenses)	286,077	254,611	247,967	- 6,644
Section 416 Commodities	251,669	289,800	274,622	- 15,178
TOTAL	3,525,003	4,075,048	4,055,559	- 19,489

a/ In addition, $2 million in reserve to make BA of $51,560.
b/ Includes supplemental of $21,960.

(a) Child Nutrition Programs

	Direct Appropriation	Transfer from Section 32 Funds	Total
Appropriation Act, 1973	$471,296,000	$119,165,000	$590,461,000
Budget Estimate, 1974	555,612,000	199,631,000	755,243,000
Change in Appropriation and transfer from Section 32	+84,316,000	+80,466,000	+164,782,000
Adjustments to 1973 appropriation:			
Appropriation Act, 1973	471,296,000	119,165,000	590,461,000
Transfer to General Services Administration for rental of space	-7,000	---	-7,000
Adjusted base for 1974	471,289,000	119,165,000	590,454,000
Budget estimate, 1974	555,612,000	199,631,000	755,243,000
Increase in program level	+84,323,000	+80,466,000	+164,789,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	1973	Program Changes	1974 Estimate
Cash payments to States:			
(a) School lunch program	$225,747,000	+$122,253,000	$348,000,000
(b) Special assistance	237,047,000	-7,000	237,040,000
(c) School breakfast	18,500,000	+41,500,000	60,000,000
(d) Nonfood assistance	15,000,000	+1,110,000	16,110,000
(e) State administrative expenses	1,500,000	---	1,500,000
(f) Nonschool food program	20,775,000	-775,000	20,000,000
Subtotal	518,569,000	+ 164,081,000	682,650,000
Commodity procurement	64,325,000	---	64,325,000
Nutritional training and surveys	1,000,000	---	1,000,000
Operating expenses	6,560,000	+708,000	7,268,000
Total	590,454,000	+ 164,789,000	755,243,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1972	1973 (estimated)	Inc. or Dec. Program Changes	1974 (estimated)
1. Cash payments to States:				
(a) School lunch	$225,018,000	$225,747,000	+$122,253,000(1)	$348,000,000
(b) Special assistance	237,047,000	237,047,000	-7,000(2)	237,040,000
(c) School breakfast	25,000,000	18,500,000	+ 41,500,000(3)	60,000,000
(d) Nonfood assistance	16,110,000	15,000,000	+ 1,110,000(4)	16,110,000
(e) State adm. expenses	1,500,000	1,500,000	---	1,500,000
(f) Nonschool food program	20,775,000	20,775,000	- 775,000(5)	20,000,000
Subtotal	525,450,000	518,569,000	+ 164,081,000	682,650,000
2. Commodity procurement	64,325,000	64,325,000	---	64,325,000
3. Nutritional training and surveys	750,000	1,000,000	---	1,000,000
4. Operating expenses	5,361,100	6,560,000	+ 708,000(6)	7,268,000
Total available or estimate	595,886,100	590,454,000	+ 164,789,000	755,243,000
Transferred to GSA	+32,900	+7,000		
Total, appropriation	595,919,000	590,461,000		

This project statement shows an increase of $164,789,000 in the direct appropriation for these programs. This amount is partially offset by a decrease in the Section 32 special feeding funds for the child nutrition programs of $66,481,000 and a decrease of $10,769,598 in the use of carryover funds so that the total funding is increased by $87,595,000 including $57,000 available from FY 1973 as outlined in the program level table below.

PROJECT STATEMENT
(On basis of available funds)

Project	1972	1973 (estimated)	Inc. or Dec. Program Changes	1974 (estimated)
1. Cash payments to States:				
(a) School lunch	$224,402,775	$225,747,000	+$122,253,000	$348,000,000
(b) Special assistance	236,822,868	246,002,000	-8,962,000	237,040,000
(c) School breakfast	24,311,485	19,935,000	+40,065,000	60,000,000
(d) Nonfood assistance	15,896,998	15,000,000	+1,110,000	16,110,000
(e) State adm. expenses	1,483,026	1,500,000	---	1,500,000
(f) Nonschool food program	31,358,112	20,775,000	-775,000	20,000,000
Subtotal	534,275,264	528,959,000	+ 153,691,000	682,650,000
2. Commodity procurement	63,339,726	64,325,000	---	64,325,000
3. Nutritional training and surveys	605,162	1,000,000	---	1,000,000
4. Operating expenses	6,119,070	6,939,598	+385,402	7,325,000
Total obligations	604,339,222	601,223,598	+ 154,076,402	755,300,000
Unobligated balance:				
Available, start of year	-19,279,720	-10,826,598	10,769,598	-57,000
Available, end of year	10,826,598	57,000	-57,000	---
Total, appropriation	595,886,100	590,454,000	$ 164,789,000	755,243,000

The following table reflects the estimated program level for the child nutrition programs for fiscal years 1973 and 1974 from the (1) direct appropriation plus (2) carryover balances and the (3) supplementary funding for cash assistance from the Section 32 special feeding item, excluding proposed supplemental of $21,960,000 for free and reduced price lunches.

Child Nutrition Programs 1973 and 1974
(Program level - Dollars in thousands)

Project	1973	Increase or Decrease	1974
1. Cash payments to States:			
(a) School lunch program	$ 340,000	+$ 8,000(1)	$ 348,000
(b) Special assistance	598,040 a/	+ 64,960(2)	663,000
(c) School breakfast	52,350	7,650(3)	60,000
(d) Nonfood assistance	16,110	--- (4)	16,110
(e) State administrative expenses	3,500	---	3,500
(f) Nonschool food program	74,000	+ 6,600(5)	80,600
Subtotal	1,084,000	+ 87,210	1,171,210
2. Commodity procurement	64,325	---	64,325
3. Nutritional training and surveys	1,000	---	1,000
4. Operating expenses	6,940	385(6)	7,325
Total	1,156,265	+ 87,595	1,243,860

a/ Excludes proposed supplemental of $21,960,000 for Special Feeding Program in 1973.

INCREASES

In recent years, funds have been authorized from Section 32 to supplement, as necessary, the funds provided by direct appropriations for the various child nutrition programs. Beginning in fiscal year 1974, however, the need for Section 32 funds has been eliminated for the Section 4 lunch and school breakfast programs by the enactment of Public Law 92-433 which provides for funding on a performance basis for these two programs. Federal funds directly appropriated for the general purposes of the several other sections of the National School Lunch and Child Nutrition Acts (as reflected on the project statement on basis of adjusted appropriations) are distributed to the States by the formula applicable to that particular section. Supplementary funds are distributed to the States within the provisions, limitations or intent of such appropriations, which are generally on the basis of demonstration of need. The increases reflect current estimates of participation by program. The special section 32 funds will be allocated to the States on the basis of their performance, i.e., number of meals actually served by program.

(1) An increase of $122,253,000 in appropriations for the school lunch program is offset by a decrease of $114,253,000 in funds available under Section 32 special feeding for a net increase of $8,000,000.

The program makes funds available to reimburse participating schools for a portion of the food cost of lunches served to all children. Public Law 92-433, enacted September 26, 1972, authorized a minimum rate of reimbursement of 8 cents per meal for each State. The total funds requested will provide an average reimbursement rate of 8.0 cents per lunch for an estimated 4,350 million lunches during fiscal year 1974, or an increase of 100 million lunches over fiscal year 1973. This growth is projected on the basis of about 5,000 additional schools joining the program--primarily schools previously without food service.

(2) A decrease of $7,000 in appropriations for special cash assistance to needy children is more than offset by an increase of $73,922,000 in funds available under Section 32 (excluding the proposed supplemental in 1973 of $21,960,000) plus use in 1973 of $8,955,000 in 1972 carryover funds for a net increase of $64,960,000.

As amended by P.L. 91-248, these funds are used to provide for additional reimbursement above the eight cents per lunch provided for all lunches to schools for free and reduced-price lunches served to needy children. Public Law 92-153, enacted November 5, 1971, increased Federal support for the National School Lunch Program by mandating a minimum 40 cent rate in special assistance for free lunches and a lesser minimum rate for reduced-price lunches. The recently enacted Public Law 92-433 gives States the option of serving free and reduced-price lunches to the children of families whose incomes are as much as 25 percent (for free lunches) and 50 percent (for reduced-price lunches) above the Secretary's poverty income guidelines. In fiscal year 1974, it is estimated that 94 percent of the lunches will be served free to needy children at an average reimbursement rate of 43.5 cents, and 6 percent of the lunches will be served at a reduced-price to needy children and reimbursed at a 31.5 cent average. The total funds requested will permit the serving of 1,549 million lunches to 9.4 million children in fiscal year 1974 at a combined free and reduced-price average reimbursement rate of 42.8 cents per lunch. This is an increase of 82 million lunches and 500 thousand children over fiscal year 1973. The initiation of food service in schools formerly without a program in both fiscal years 1973 and 1974 and Public Law 92-433 are the primary factors in the projected growth.

(3) An increase of $41,500,000 in appropriations for the school breakfast program is offset by a decrease of $32,415,000 in funds available under Section 32 plus use in 1973 of $1,435,000 in 1972 carryover funds for a net increase of $7,650,000.

This program provides assistance to States through grants-in-aid and other means to initiate, maintain, or expand nonprofit breakfast programs in schools. Basic payments to States are limited to food assistance. However, in circumstances of severe financial need, financial assistance may be authorized to pay up to 100 percent of the operating costs. Presently, the program is operated in schools drawing attendance from areas in which poor economic conditions exist and where a substantial portion of the children enrolled travel long distances. Public Law 92-433 provides for the breakfast program to be available to all schools that make application and that funding be on a performance basis with national average payments made for paid, free and reduced price breakfasts in 1974. In fiscal year 1974 it is estimated that 78 percent of the total breakfasts will be provided free or at a reduced price to needy children and 22 percent of the breakfasts will be provided at regular cost. The total funds requested will provide for 345 million breakfasts to be served to 2,091 thousand children, an increase of 45 million breakfasts and 273 thousand children in about 1,500 new schools over fiscal year 1973 at an average reimbursement rate of 17.4 cents per breakfast.

(4) An increase of $1,110,000 in appropriations for the non-food assistance program is offset by an equal decrease in funds from Section 32. The program level does not change.

(5) A decrease of $775,000 in appropriations for the nonschool food program is more than offset by an increase of $7,375,000 in Section 32 funds for a net increase of $6,600,000.

This program assists States in initiating, maintaining, or expanding nonprofit food service programs for children in service institutions where children are not maintained in residence. Preschool children receive year-round assistance in day-care centers; and school age children from areas of economic need and areas with a high concentration of working mothers receive assistance during the summer months.

An increase of $6,600,000 in the year-round program (a total of $23,400,000 available in FY 1973 consisting of $20,775,000 in direct appropriation and $2,625,000 from Section 32 special feeding funds).

The FY 1974 request of $30,000,000 consists of $20,000,000 direct appropriation and $10,000,000 from Section 32 special feeding program. The total funds requested will provide for about 176 million meals for 320,000 children. The increase would permit serving an additional 39 million meals to 70,000 children in an additional 1,200 child-care centers in 1974. As the increase is provided under Section 32, which is not allotted to States by formula, it will be possible to allocate $10 million on a need basis in 1974 so that States which could not accept new outlets in 1973 would be able to expand in 1974.

The summer program will be continued at the 1973 funding level.

Program regulations are being revised to reduce problems that have been experienced in program operations. Major changes are to provide a simpler, less costly meal and to assure that sponsors are adequately staffed to operate the program. Under the new regulations, a greater number of meals and children will be served in FY 1974 than in FY 1973.

(6) An increase of $708,000 in appropriations for Federal operating expenses.

In fiscal year 1973, an additional $379,598 from 1972 carryover funds was provided for this activity--resulting in a net increase in fiscal year 1974 obligations of $385,402 ($57,000 of which will be funded from 1973 carryover funds) over fiscal year 1973. The increase would provide funds for increased Federal supervision of program participants and cooperators to insure that applicable laws and program regulations are being complied with and provide funds to cope with additional workload expected as a result of expanding programs.

STATUS OF PROGRAM

Child Nutrition Programs

The primary objective of the child nutrition programs is to improve the health and well-being of the Nation's children by providing well-balanced meals in schools and service institutions. Fiscal year 1972 showed significant gains in the National School Lunch Program, not only in terms of the actual number of children participating but also in the innovation and changes made in legislation, regulations, policy and procedures. As a result of such changes and increased funding, the program expanded significantly in 1972. Particular improvement took place in the program of free and reduced price lunches for needy children, the school breakfast program, and the nonschool food program.

The following discussion of activities and results includes work under funds allocated from the "Special Feeding Program" under Section 32. The child nutrition programs have been greatly strengthened and expanded by the passage of three significant laws within the past 2-1/2 years. Public Law 91-248, which became law on May 14, 1970, clearly established that priority shall be given to reaching needy children and provided for the establishment of a national minimum eligibility standard for free and reduced price meals, and a maximum price which may be charged for these meals. The law emphasized that access to the school lunch program shall be available to children in all schools. It also provided for:

1. The authorization of funds for nutritional training, education of food service personnel, and for surveys and special developmental projects relating to food service programs.

2. Changes in the provisions relating to State matching requirements from State revenues. These changes resulted in a collectively greater total of funds made available to school food service programs.

3. State plans of operation, to be submitted annually. Such plans must:

 (a) Outline steps to be taken to assure availability of a lunch to all children in the State;

 (b) Detail plans to provide free or reduced price lunches to all eligible children; and

 (c) Justify proposed uses of Federal funds and donated commodities.

4. Authorizations for increased funding for nonfood assistance under Section 5 of the Child Nutrition Act and a new apportionment formula for such funds.

5. Establishment of a National Advisory Council to study the operations of programs carried out under the National School Lunch Act and the Child Nutrition Act to determine how such programs can be improved.

Public Law 92-153, enacted November 5, 1971, increased Federal support for the National School Lunch Program by mandating a minimum 40 cent rate in special (Section 11) assistance for free lunches and a lesser minimum rate for reduced price lunches. This law also authorized an average rate of reimbursement of 6 cents per meal within each State.

The most recent of the child nutrition legislation is Public Law 92-433, enacted September 26, 1972. In addition to authorizing an increase in the average rate of reimbursement from six cents per meal to an average of eight cents within each State, the new law also provides for higher eligibility standards for free and reduced price lunches and for funding on a performance basis for Section 4 lunches and the breakfast program.

Federal funds appropriated for the general purposes of the several other sections of the child nutrition program are distributed to the States on the basis of the formula applicable to that particular section. Supplemental funds are distributed to the States within the limitations applicable to such appropriations, which generally are on the basis of demonstration of need.

Current activities and trends:

1. Furnishing cash assistance to States:

Funds are made available to the States to operate child nutrition programs through various formulae. These include:

A. School lunch program

General assistance funds (Section 4) are apportioned among the States on the basis of need for assistance. This has been determined by formula, based on the relation of National per capita income to the per capita income in the State and number of lunches served in the fiscal year beginning two years immediately prior to the fiscal year for which the Federal funds are appropriated. Beginning in fiscal year 1974, funding for this program will be strictly on a performance basis.

The program makes funds available to State agencies to reimburse participating schools for a portion of the food cost of lunches served. The schools then agree to:

--Operate on a nonprofit basis and observe limitations on use of program funds;

--Serve lunches meeting minimum nutritional requirements prescribed by the Secretary of Agriculture;

--Offer lunch to all children attending the school, and supply it without cost or at reduced price to all children who are unable to pay the full price;

--Permit no discrimination against any child because of his inability to pay the full price;

--Comply with all requirements of the Civil Rights Act and related regulations for the program;

--Purchase commodities designated as being in abundance by the Department in the largest quantities that can be utilized;

--Accept and use, to the extent possible, any foods offered as a donation by the Department; and

--Maintain full, accurate records of its lunch program.

The Food and Nutrition Service also pays funds directly to over 2,000 participating private schools in 21 States. This is done when State laws forbid disbursement of Federal funds by State agencies to private schools (a proportionate share of the State's total apportionment, as provided for in the Act, is set aside for this purpose). FNS carried out the administration of this activity directly.

The addition of 3,633 schools during fiscal year 1972 increased the total average number of participating schools to 82,557. This has contributed to raising the average number of participating children to 24.4 million who were served over 3.9 billion lunches - an increase of 3 percent over FY 1971. More dramatic has been the increase in the number of free and reduced price lunches to needy children. The 269.0 million additional lunches served in

fiscal year 1972 represents an increase of 26.7 percent over the previous year. The 1,274.7 million free and reduced price lunches in fiscal year 1972 represent over 32.2 percent of the total lunches served. During 1971, slightly more than 26.1 percent of the total lunches served were free or reduced price. The 8.4 million needy participating children in March 1972 represented the highest number ever reached.

Participation in the National School Lunch Program
Fiscal Years 1971 and 1972

Item	No. of Schools		No. of Children	
	1971	1972	1971	1972
Avg. September-May	78,924	82,557	24,063,916	24,838,005
Peak Number	79,924	83,339	24,639,663	25,427,064
Peak Month	March	May	February	December

Year to year comparison in number of schools participating is affected by the school consolidation program.

B. Special assistance

Public Law 91-248 amended the free and reduced price lunch (special assistance) provisions of the National School Lunch and Child Nutrition Acts. Under this legislation, needy children are eligible for Section 11 assistance wherever they attend school. They also share in regular Federal, State and local funding in proportion to their numbers. The maximum charge permitted for a reduced price lunch is 20 cents. The average reimbursement rate per lunch in 1972 from special assistance funds was 39 cents. An additional 6.4 cents from regular school lunch funds was provided for each lunch. Where justified, a maximum reimbursement of 60 cents per lunch may be paid.

Beginning in fiscal year 1972, Federal support for the National School Lunch Program was increased because of the mandatory minimum 40 cent rate in special (Section 11) assistance for free lunches and a lesser minimum rate for reduced price lunches. The recently enacted 92-433 gives States the option of serving free and reduced price lunches to the children of families whose incomes are as much as 25 percent (for free lunches) and 50 percent (for reduced price lunches) above the Secretary's poverty income guidelines.

In fiscal year 1972, a daily average of 7.9 million children received 1,274.7 million free and reduced price lunches with available funds which includes special feeding program (Section 32) funding. This was an increase of 269.0 million meals over 1971. In fiscal year 1973, it is expected that a daily average of 8.2 million free and reduced meals will be served. A yearly total of 1.5 billion free and reduced price meals is budgeted for 1973 - an increase of 192 million, or 15 percent, over 1972.

Guidelines and criteria for program operations were developed with the cooperation of State educational agencies and local school boards. They are used to determine which children receive free or reduced price lunches. They also establish specific procedures to insure that these children are not singled out or treated in a discriminatory manner.

C. School breakfast

The Child Nutrition Act of 1966 authorized a two-year pilot school breakfast program. The program provides assistance to States through grants-in-aid and other means to initiate, maintain, or expand nonprofit breakfast programs in schools. Public Law 90-302, approved May 8, 1968, extended this

program through June 30, 1971; Public Law 92-32, approved June 30, 1971, extended the program through June 30, 1973. The recently enacted 92-433 provided that the breakfast program be funded on a performance basis beginning in FY 1974, and extended the program through fiscal year 1975.

Funds are apportioned to States by a statutory formula. Basic payments are limited to food assistance. However, in circumstances of severe financial need, financial assistance may be authorized to pay up to 100 percent of the operating costs. Schools must justify the need for such additional assistance. Under the law special emphasis was to be made to reach needy children who arrived at school without breakfast, and to reach children who traveled long distances to school. Public Law 92-32, enacted June 30, 1971, extended special consideration for the program to schools in areas with high concentrations of working mothers. Public Law 92-433, enacted September 26, 1972, opened the breakfast program to all schools which request it.

The total number of participating children increased from 796,000 to 1,032,000 - an increase of almost 30 percent. The number of breakfasts served reached 167.7 million in 1972, an increase of 34 percent over 1971. Approximately 78 percent of the breakfasts served were provided free or at a reduced price. Considering that only 125.5 million breakfasts were served in fiscal year 1971, the 34 percent increase underscores the continuing progress toward reaching all eligible children.

D. Nonfood assistance

The Child Nutrition Act of 1966 authorized a permanent program of assistance to States through grants-in-aid and other means, to supply schools in low-income areas with equipment, other than land or buildings, for the storage, preparation, transportation, and serving of food. State and local sources must bear 25 percent of the cost of equipment financed under this authority. Public Law 91-248 amended the formula for apportionment of these funds. Under the amended formula, 50 percent of the available funds are apportioned on the basis of the number of children enrolled in schools without a food service. The remaining 50 percent are apportioned on the same basis as the regular school lunch funds. Under the Public Law 92-433 amendments, 50 percent of the funds for equipment assistance are reserved for use in schools without food service and revised the matching requirement.

A survey in October of 1971 showed that 18,544 schools with 5.6 million children enrolled were without a food service program.

In fiscal year 1972, 6,950 schools were assisted in all States, the District of Columbia, Guam, Puerto Rico and American Samoa. An average Federal contribution of $1,600 per program school and $6,050 per no program school was made from funds available, which includes special feeding program (Section 32) funding.

During the years prior to fiscal year 1971, almost all of the nonfood assistance funds were used to improve or expand existing food service programs with grossly inadequate facilities. Only small amounts of these funds were used to establish new food service programs. While much of the nonfood assistance funds was used in the same manner in fiscal year 1971, a significantly greater proportion was used for establishing new food service programs.

Much greater use was made of nonfood assistance funds for no program schools in fiscal year 1972 than in fiscal year 1971, from 31 percent in 1971 to 41 percent of available funds in 1972.

During 1972, FNS personnel continued to work with State, local and industry food service personnel in the areas of food delivery systems, facility layout and equipment specification development work. Such cooperative efforts help determine the best type of food service to establish in different schools.

Slide presentations are being used on major recurring equipment and/or food facility layout problems frequently found in existing or proposed food service operations. The impact of these slides has been to motivate industry to design and fabricate equipment that can be more effectively and economically used by participating schools.

E. State administrative expenses

The Child Nutrition Act of 1966, as amended, provides for advances to each State educational agency for administrative expenses. These funds are used to provide supervision and technical assistance to local school districts and service institutions for administration of additional activities undertaken by them to extend to more needy children the school lunch, special assistance, school breakfast, nonfood assistance, and the nonschool food programs.

F. Nonschool food program

The National School Lunch Act was amended in 1968 to authorize a three year nonschool food pilot program, and Public Law 92-433 extended the program through June 30, 1975. This program assists States through grants-in-aid and other means, to initiate, maintain, or expand nonprofit food service programs for children in service institutions. This program reaches preschool and school age children during the summer months in settlement houses, neighborhood houses, and recreation centers. It also provides year-round assistance to children in day-care centers. Each State may receive a basic grant of not more than $50,000. The remaining funds are apportioned by a formula determined by the ratio of the number of children (aged 3 to 17 inclusive) from families with incomes under $3 thousand per year in each State, to the total number of such children in all States.

The Special Food Service Program for children continued to grow in fiscal year 1972. In the year-round area of the program the number of children served increased from 154 thousand in 1971 to 192 thousand in 1972, an increase of 24 percent; while the number of year-round meals served increased from 80.6 million in 1971 to 104.5 million in 1972, an increase of 30 percent.

The summer area of the nonschool food program has shown an especially dramatic growth. In fiscal year 1971, 463 thousand children participated in the summer program while 1,021 thousand participated in 1972, an increase of 120 percent. The number of summer meals served increased 165 percent, from 29.0 million in 1971 to 76.8 in 1972. In an effort to improve the administration of the summer program, FNS published a handbook for use by State and local officials and visited old and new summer program sites to give advice.

2. Commodity procurement:

Food is furnished to schools and institutions by distribution through State agencies. Commodities are acquired under various authorities. These include Section 6 of the National School Lunch Act, Section 32 of the Act of August 24, 1935, as amended, Section 416 of the Agricultural Act of 1949, as amended, and Section 709, Food and Agricultural Act of 1965. Public Law 91-248 provided that these commodities may also be used to supplement the school breakfast and nonschool food programs.

During 1972, over $1,600 million worth of agricultural commodities and other foods were used. About 20 percent of this amount represented commodities contributed under Section 6 and the Federal programs for strengthening markets, income and supply. Approximately 80 percent was purchased through local suppliers.

Cooperation with producer groups to bring new foods, or foods in new form, to the school lunch market has received increased attention.

3. Nutritional training and surveys:

Public Law 91-248 provides that up to one percent of the total funds appropriated for the child nutrition programs may be used for nutritional training and for surveys of food service requirements. In fiscal year 1973, emphasis will be placed on the training of nutrition education specialists at the State level and survey of food use in the schools.

4. Special developmental projects:

Section 8 of Public Law 91-248 provides for the reserve of up to one percent of the funds available for apportionment to any State to carry out special development projects. In fiscal year 1973, three such projects were initiated. Memphis and Miami began Computer Assisted Menu Planning Projects and Cincinnati completed a Summer Special Food Service Demonstration.

5. Administrative and technical assistance:

Assistance is provided to State agencies, schools and institutions to help in:

a. Management of funds;
b. Purchase and storage of foods;
c. Maximizing local purchases of plentiful foods;
d. Proper use of equipment;
e. Preparation and service of meals;
f. Maintenance of records and preparation of reports;
g. Development of recipes particularly those using donated and plentiful commodities;
h. Increasing participation in program;
i. Adequacy of program operations;
j. In-service workshop training meetings;
k. Extension of program to especially needy schools both in core areas of metropolitan centers and in isolated rural areas.

Training and instruction of school food service personnel received increased emphasis in 1972. Emphasis has been placed on in-service training for local personnel. This training is provided directly to private schools and institutions which have programs administered by the Department. It is also provided in cooperation with State agencies which administer school lunch programs. Training materials such as flip-charts, slides, films, scripts, and sound tapes have been classified and catalogued and made available for use or loan to private school workshops and State agencies.

6. Evaluation of program operations:

Individual school lunch programs are evaluated and their administrative efficiency determined by:

a. On-site reviews at the individual school and service institution;
b. Comprehensive administrative analyses of State agencies' operation under the program; and
c. Annual audits of the records of State agencies. Similar audits are made of the records of selected schools and service institutions.

Program policy is to encourage and assist State educational agencies to assume increasing responsibility for the administration of the programs. All States have assumed the responsibility for the administrative review of individual programs in public schools. Also, 21 States have assumed responsibility for individual school audit programs.

7. Selected statistical material and analyses:

The following tables present analyses of the growth and scope of the child nutrition programs:

Tables I and Ia	- Source of Funds, Matching Requirements and Participation, in the first year of operation and the latest 4 years and analyses.
Tables II	- Apportionment by States, 1973 Regular Cash Payments.
IIa	- Special Cash Assistance.
IIb	- School Breakfast.
IIc	- Nonfood Assistance.
IId	- Special Food Service.
Table III	- Comparison of Federal and State Financing 1972, by States.
Table IV	- Children and Schools Participating 1972, by States.
Table V	- Commodities distributed in 1971 and 1972, by quantity and cost.

UNITED STATES DEPARTMENT OF AGRICULTURE
Food and Nutrition Service

TABLE I

Child Nutrition Programs
Source of Funds Including Special Milk, Matching Requirements and Participation in the Programs
Fiscal Year 1947 (First Year) and Fiscal Years 1970-1973

Item	1947	1970	1971	1972	1973 (est.)
1. Method of Financing Programs					
Contributions from Federal Sources					
a. Financing 1/					
1. Cash payments to States:					
a. School Lunch	$ 59,853,146	$ 168,022,996	$ 225,761,106	$ 252,584,775	$ 340,000,000
b. Special Assistance	---	132,018,603	309,246,743	502,023,520	620,000,000
c. School Breakfast	---	10,869,570	20,161,379	26,541,485	52,350,000
d. Nonfood assistance	---	16,673,041	37,159,606	17,796,998	16,110,000
e. State administrative expenses	---	1,718,765	3,493,550	3,249,634	3,500,000
f. Nonschool food program	---	7,258,068	20,966,758	42,583,112	74,000,000
2. Nutritional training and surveys	---	---	750,000	605,162	1,000,000
Total	59,853,146	336,561,043	617,539,142	845,384,686	1,106,960,000
b. Donated Commodities 2/					
1. Section 6	5,735,269	64,434,166	64,306,096	64,023,730	64,325,000
2. Section 32	2,312,479	133,292,590	127,766,327	112,441,620	86,520,000
3. C.C.C. (Section 416)	---	68,111,602	87,111,267	138,700,055	156,800,000
Total	8,047,748	265,838,358	279,183,690	315,165,405	307,645,000
c. Special Milk Program	---	101,527,020	92,299,130	95,026,818	96,374,000
Total, Federal Contributions	67,900,894	703,926,421	989,021,968	1,255,576,909	1,510,979,000
Contributions from State Sources					
a. Direct appropriation					
State and local	20,616,000	185,056,427	216,377,796	335,288,914	376,148,000
b. Other local contributions	17,532,000	361,594,582	376,943,927	284,092,418	317,852,000
c. Payments by children	112,540,000	1,104,959,419	1,090,209,734	1,041,248,501	1,063,000,000
Total, State Contributions	150,688,000	1,651,610,428	1,683,531,457	1,660,629,833	1,757,000,000
Total Contributions, Federal and State	218,588,894	2,355,536,849	2,672,553,423	2,916,206,742	3,267,979,000
2. Matching 3/					
Federal apportionment of cash to States	$ 62,338,155	$ 168,041,000	$ 225,018,000	$ 225,018,000	$ 225,747,000
Required by States under School Lunch Act	$ 55,877,690	$ 437,976,000	$ 571,792,064	$ 641,188,276	$ 852,750,000
Contributed by States	$150,688,000	$1,663,446,785	$1,683,531,457	$1,660,629,833	$1,757,000,000
3. School Enrollment (thousands)	26,000	52,101	51,982	51,900	51,700

TABLE I - cont'd.

Item	1947	1970	1971	1972	1973 (est.)
4. Participation in Programs					
a. Total, School Lunch					
Lunches served (millions)	910.9	3,565.1	3,848.3	3,956.0	4,250.0
Children (millions- daily average)	5.1	21.9	23.7	24.4	25.7
Average Federal meal reimbursement	6.6¢	8.4¢	13.9¢	19.1¢	22.8¢
Number of schools (peak) 4/	44,537	75,593	79,924	83,339	88,550
(1) School Lunch - Section 4					
Lunches served (millions)	910.9	3,565.1	3,848.3	3,956.0	4,250.0
Average Federal reimbursement	---	4.7¢	5.9¢	6.4¢	8.0¢
(2) Free and Reduced Price Lunches					
Lunches served (millions)	---	738.5	1,005.7	1,274.7	1,467.0
Children (millions - daily average)	---	4.5	6.2	7.9	8.9
Average Federal reimbursement	---	17.9¢	30.7¢	39.4¢	42.8¢
b. School Breakfast					
Breakfasts served (millions)	---	71.8	125.5	167.7	300.0
Children (thousands - daily average)	---	442	796	1,032	1,818
Average Federal reimbursement	---	15¢	16¢	16¢	17.4¢
c. Nonfood Assistance					
Schools equipped	---	7,974	15,378	6,950	6,300
Average contribution per school	---	$2,091	$2,416	$2,560	$2,560
d. Nonschool Food Program					
Meals served (millions)	---	50.3	109.6	181.3	260.0
Year-round (250 days)	---	38.4	80.6	104.5	137.5
Summer (50 days)	---	11.9	29.0	76.8	122.5
Children served (thousands)	---	320.2	616.2	1,212.6	2,000
Year-round (250 days)	---	93.3	153.6	192.0	250
Summer (50 days)	---	226.9	462.6	1,020.6	1,750
Special Milk Program					
Half-pints milk (millions)	---	2,902	2,570	2,501	2,535
Number of children receiving milk (mil.)	---	15.9	14.3	13.9	14.1
Total outlets	---	97,234	97,584	94,008	94,100
School	---	89,297	90,923	90,856	91,000
Child care	---	7,937	6,661	3,152	3,100
5. Foods bought in local markets with Federal Cash Payments and State Contributions	$128,648,278	$1,028,500,000	$1,126,000,000	$1,275,400,000	$1,367,000,000
6. Total Appropriation 5/	$ 81,000,000	$ 519,766,000	$ 817,985,000	$1,056,079,000	$1,244,397,000

1/ Includes funds from Child Nutrition, special section 32 and section 32 transfer.
2/ Represents commodity distribution in year indicated.
3/ State matching requirements per Federal dollar are as follows: 1947-50, $1 to $1; 1951-55, $1.50 to $1.00; thereafter, $3.00 to $1.00 EXCEPT that for States with per capita income below the National average the ratio required is decreased by the percentage which the State per capita income is below the per capita income of the United States. Lowest matching requirement for 1947-1950 was $.46 to $1.00; 1951-1955, $.73 to $1.50; 1956-1960, $1.41 to $3.00; 1961-1970, $1.54 to $3.00; 1971, $1.79 to $3.00; 1972, $1.96 to $3.00; 1973, $2.01 to $3.00.
4/ Represents total schools participating in school lunch, special assistance and school breakfast.
5/ Includes funds appropriated under child nutrition, special milk, section 32 transfer and special section 32 and carryover funds.

UNITED STATES DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Child Nutrition Programs

TABLE Ia

Analyses of Source of Funds, Matching Requirements and Participation in the Programs
Fiscal Year 1947 (First Year) and Fiscal Years 1970-1973

	1947	1970	1971	1972	1973 (est.)
1. Total cost per lunch (Includes all lunches except Type C)	30.4¢	62.2¢	64.9¢	69.0¢	70.9¢
a. Federal contributions (excluding special milk)..	9.3	15.9	21.2	27.0	29.6
b. State and local contributions	5.6	15.3	15.4	15.7	16.3
c. Children's payments	15.5	31.0	28.3	26.3	25.0
2. Average rate of reimbursements from Federal cash payments per Type A lunch:					
Section 4	8.7¢	4.7¢	5.9¢	6.4¢	8.0¢
Section 11	--	17.9¢	30.7¢	39.4¢	42.8¢
3. Annual contribution per child (Excludes children participating in Type C Programs)	$45.97	$101.26	$105.39	$111.90	$117.29
a. Federal (Excluding special milk):					
Cash payments	$12.27	$ 13.70	$ 22.57	$ 30.93	$ 37.35
Donated commodities	1.78	12.14	11.78	12.92	11.58
Total, Federal	14.05	25.84	34.35	43.85	48.93
b. State and local contributions	8.47	24.96	25.04	25.38	27.00
c. Children's payments	23.45	50.46	46.00	42.67	41.36
4. Percent of enrollment participating	16.9%	42.0%	45.6%	47.0%	49.7%
5. Average number of children participating per school	101	290	297	293	304

NOTE: Participation in the Type C lunch decreased rapidly after enactment of the Special Milk Program in 1955. To show comparability, funds and participation have been adjusted by the Type C contributions.

UNITED STATES DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Washington, D. C. 20250

TABLE II

CHILD FEEDING PROGRAM -- Special Milk

Apportionment of Funds, by State

Fiscal Year 1973

State	Total Apportionment	State Agency	Regional Office
		Dollars	
Alabama	1,509,577	1,449,082	60,495
Alaska	35,142	35,142	--
Arizona	506,235	506,235	--
Arkansas	963,123	918,832	44,291
California	7,436,395	7,436,395	--
Colorado	934,772	868,439	66,333
Connecticut	1,884,140	1,884,140	--
Delaware	279,248	279,243	--
Del. St. Dist. Agency	19,278	19,278	--
District of Columbia	464,409	464,409	--
Florida	1,531,269	1,531,269	--
Georgia	1,486,800	1,457,050	29,750
Hawaii	83,308	56,555	26,753
Idaho	182,109	166,816	15,293
Illinois	6,284,396	6,284,396	--
Indiana	3,062,137	3,062,137	--
Iowa	1,549,508	1,408,499	141,009
Kansas	977,262	977,262	--
Kentucky	1,768,587	1,768,587	--
Louisiana	616,450	616,450	--
Maine	536,704	486,324	50,380
Maryland	2,234,054	2,234,054	--
Md. Dept. Gen. Serv.	64,152	64,152	--
Massachusetts	3,582,471	3,582,471	--
Michigan	5,395,701	5,395,701	--
Minnesota	2,757,138	2,757,138	--
Mississippi	1,065,320	1,065,320	--
Missouri	2,326,732	2,275,771	50,961
Montana	226,140	204,597	21,543
Nebraska	669,817	577,126	92,691

UNITED STATES DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Washington, D. C. 20250

CHILD FEEDING PROGRAM -- School Lunch, Section 4

TABLE II

Apportionment of Funds, by State

Fiscal Year 1973

STATE	PARTICIPATION: RATE a/	PER CAPITA: INCOME (U.S. $3,921) b/	PER CAPITA: INCOME INDEX c/	ASSISTANCE NEED RATE d/	STATE INDEX IN UNITS OF 100 e/	STATE PERCENT f/	APPORTIONMENT: TOTAL g/	APPORTIONMENT: STATE AGENCY	APPORTIONMENT: REGIONAL OFFICE	MATCHING PERCENT REQUIRED h/	MATCHING STATE FUND REQUIRED i/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	No.	$				%	$			%	$
ALABAMA	96,122,197	2,852	1.3748	6.9	6,632,432	3.08473	6,963,685	6,813,965	149,720	221.12133	602,685
ALASKA	5,573,122	4,534	.8648	5.0	278,656	.12960	292,568	292,568	--	300.00000	35,108
ARIZONA	34,151,723	3,589	1.0925	5.5	1,878,345	.87361	1,972,148	1,972,148	--	280.64283	221,388
ARKANSAS	53,394,307	2,825	1.3880	6.9	3,684,207	1.71352	3,868,220	3,796,271	71,949	220.10634	334,233
CALIFORNIA	201,611,667	4,447	.8817	5.0	10,080,583	4.68847	10,584,079	10,584,079	--	300.00000	1,270,089
COLORADO	45,176,830	3,793	1.0337	5.2	2,349,195	1.09261	2,466,534	2,363,186	103,348	294.12759	278,031
CONNECTICUT	35,024,665	4,841	.8100	5.0	1,751,233	.81449	1,838,687	1,838,687	--	300.00000	220,642
DELAWARE	12,051,223	4,354	.9006	5.0	602,561	.28025	632,656	632,656	--	300.00000	75,919
DISTRICT OF COL.	10,378,668	5,436	.7213	5.0	518,933	.24135	544,840	544,840	--	300.00000	65,381
FLORIDA	148,730,658	3,626	1.0814	5.4	8,031,456	3.73541	8,432,576	8,432,576	--	278.97534	940,992
GEORGIA	152,055,403	3,345	1.1722	5.9	8,971,269	4.17252	9,419,339	9,419,339	--	257.15322	968,885
GUAM	2,109,882	2,507	1.5640	7.8	164,571	.07654	172,787	172,787	--	191.83182	13,258
HAWAII	23,851,882	4,473	.8766	5.0	1,192,594	.55467	1,252,151	1,196,179	55,972	300.00000	143,541
IDAHO	15,536,222	3,213	1.2204	6.1	947,710	.44078	995,048	971,962	23,086	246.64089	95,890
ILLINOIS	161,637,604	4,518	.8679	5.0	8,081,880	3.75887	8,485,536	8,485,536	--	300.00000	1,018,264
INDIANA	103,588,564	3,815	1.0278	5.1	5,283,017	2.45712	5,546,875	5,546,875	--	288.03771	639,084
IOWA	73,717,819	3,697	1.0606	5.3	3,907,044	1.81716	4,102,184	3,724,783	377,401	281.00532	418,674
KANSAS	46,545,739	3,849	1.0187	5.1	2,373,833	1.10406	2,492,382	2,492,382	--	296.52006	295,617
KENTUCKY	90,615,902	3,078	1.2739	6.4	5,799,418	2.69730	6,089,074	6,089,074	--	238.37604	580,596
LOUISIANA	120,418,882	3,054	1.2839	6.4	7,706,808	3.58442	8,091,721	8,091,721	--	235.47609	762,163
MAINE	19,636,008	3,230	1.2139	6.1	1,197,796	.55709	1,257,614	1,163,795	93,819	247.87338	115,390
MARYLAND	54,890,516	4,254	.9217	5.0	2,744,526	1.27647	2,881,593	2,881,593	--	300.00000	345,791
MASSACHUSETTS	99,528,059	4,339	.9037	5.0	4,976,403	2.31451	5,224,937	5,224,937	--	300.00000	626,992
MICHIGAN	120,195,985	4,123	.9510	5.0	6,009,799	2.79514	6,309,945	6,309,945	--	300.00000	757,193
MINNESOTA	97,853,182	3,796	1.0329	5.2	5,088,365	2.36659	5,342,506	5,342,506	--	288.11019	615,692
MISSISSIPPI	69,171,379	2,568	1.5269	7.6	5,257,025	2.44503	5,519,582	5,519,582	--	200.53167	442,740
MISSOURI	95,054,105	3,682	1.0649	5.3	5,037,868	2.34310	5,289,478	5,289,478	--	281.07783	594,702
MONTANA	11,354,650	3,333	1.1764	5.9	669,924	.31158	703,383	672,293	31,090	252.22329	67,827
NEBRASKA	32,226,546	3,781	1.0370	5.2	1,675,780	.77940	1,759,472	1,565,050	194,422	289.85016	181,452
NEVADA	4,435,321	4,587	.8548	5.0	221,766	.10314	232,835	231,717	1,118	300.00000	27,806
NEW HAMPSHIRE	12,544,307	3,576	1.0965	5.5	689,937	.32089	724,400	724,400	--	268.82553	77,895
NEW JERSEY	64,061,308	4,576	.8569	5.0	3,203,065	1.48974	3,363,043	3,112,496	250,547	300.00000	373,500
NEW MEXICO	27,292,263	3,135	1.2507	6.3	1,719,413	.79970	1,805,299	1,805,299	--	246.06090	177,685
NEW YORK	258,329,515	4,759	.8239	5.0	12,916,476	6.00744	13,561,615	13,561,615	--	300.00000	1,627,394
NORTH CAROLINA	158,297,845	3,200	1.2253	6.1	9,656,169	4.49106	10,138,433	10,138,433	--	245.55342	995,811

UNITED STATES DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Washington, D. C. 20250

TABLE IIa

CHILD FEEDING PROGRAM -- School Lunch, Special Assistance (Section 11)

Apportionment of Funds, by State

Fiscal Year 1973

STATE	Total Children Age 3-17 1/	Percent of Total	Total Apportionment 2/	State Agency 3/	Regional Office 3/
			$		
Alabama	536,465	3.79477	8,725,526	8,672,300	53,226
Alaska	14,029	.09924	228,188	228,188	--
Arizona	115,726	.81861	1,882,276	1,882,276	--
Arkansas	324,604	2.29614	5,279,643	5,237,934	41,709
California	710,887	5.02857	11,562,472	11,562,472	--
Colorado	117,245	.82935	1,906,971	1,815,246	91,725
Connecticut	77,317	.54691	1,257,540	1,257,540	--
Delaware	25,046	.17717	407,377	407,377	--
District of Columbia	53,604	.37918	871,870	871,870	--
Florida	473,863	3.35195	7,707,327	7,707,327	--
Georgia	595,743	4.21408	9,689,669	9,689,669	--
Hawaii	39,866	.28200	648,418	512,445	135,973
Idaho	50,415	.35662	819,997	794,331	25,666
Illinois	480,649	3.39995	7,817,695	7,817,695	--
Indiana	272,893	1.93035	4,438,562	4,438,562	--
Iowa	226,886	1.60491	3,690,259	3,254,808	435,451
Kansas	148,592	1.05109	2,416,830	2,416,830	--
Kentucky	433,928	3.06946	7,057,780	7,057,780	--
Louisiana	489,509	3.46262	7,961,795	7,961,795	--
Maine	83,526	.59083	1,358,529	1,274,300	84,229
Maryland	190,336	1.34637	3,095,784	3,095,784	--
Massachusetts	196,829	1.39230	3,201,394	3,201,394	--
Michigan	401,961	2.84333	6,537,828	6,537,828	--
Minnesota	247,664	1.75189	4,028,219	4,028,219	--
Mississippi	477,796	3.37977	7,771,294	7,771,294	--
Missouri	358,739	2.53760	5,834,845	5,834,845	--
Montana	50,257	.35550	817,421	724,235	93,186
Nebraska	124,305	.87929	2,021,800	1,764,223	257,577
Nevada	11,849	.08382	192,732	190,400	2,332
New Hampshire	29,966	.21197	487,394	487,394	--
New Jersey	219,957	1.55590	3,577,568	3,383,306	194,262
New Mexico	109,479	.77442	1,780,668	1,780,668	--
New York	770,815	5.45248	12,537,193	12,537,193	--
North Carolina	765,527	5.41508	12,451,196	12,451,196	--
North Dakota	75,286	.53255	1,224,522	983,659	240,863

TABLE IIa (cont'd.)

STATE	Total Children Age 3-17 1/	Percent of Total	Total Apportionment 2/	State Agency 3/	Regional Office 3/
			$		
Ohio	495,348	3.50392	8,056,759	7,355,821	700,938
Oklahoma	241,321	1.70702	3,925,046	3,925,046	--
Oregon	83,923	.59364	1,364,989	1,364,989	--
Pennsylvania	661,933	4.68229	10,766,251	9,677,783	1,088,468
Rhode Island	47,883	.33871	778,815	778,815	--
South Carolina	446,764	3.16026	7,266,562	7,254,209	12,353
South Dakota	83,499	.59064	1,358,091	1,358,091	--
Tennessee	528,797	3.74053	8,600,809	8,564,686	36,123
Texas	1,110,301	7.85389	18,058,888	17,699,516	359,372
Utah	45,897	.32466	746,509	746,509	--
Vermont	33,573	.23748	546,051	546,051	--
Virginia	453,092	3.20502	7,369,482	7,342,215	27,267
Washington	125,872	.89038	2,047,301	2,005,946	41,355
West Virginia	238,106	1.68428	3,872,759	3,853,395	19,364
Wisconsin	218,763	1.54745	3,558,139	2,926,925	631,214
Wyoming	20,324	.14376	330,556	330,556	--
U. S. TOTAL	14,136,955	100.00000	229,935,589	225,362,936	4,572,653
Outlying Areas					
Guam	25,207	2.35465	167,449	167,449	--
Puerto Rico	1,023,800	95.63586	6,801,059	6,801,059	--
Samoa, American	9,837	.91890	65,347	65,347	--
Virgin Islands	11,675	1.09059	77,556	77,556	--
Total	1,070,519	100.00000	7,111,411	7,111,411	
GRAND TOTAL	15,207,474	--	237,047,000	232,474,347	4,572,653

1/ The 50 States and the District of Columbia data represent the number of children age 3-17 in families with income under $4,000 from Department of Health, Education, and Welfare (1960). The outlying area data represent population age 3-17 furnished by the Department of Commerce.

2/ Three percent of the total funds made available to the outlying areas.

3/ State Agency and Regional Office apportionments based on percentage of free and reduced price lunches served in FY 1971.

UNITED STATES DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Washington, D. C. 20250

TABLE IIb

CHILD FEEDING PROGRAM -- School Breakfast

Apportionment of Funds, By State

Fiscal Year 1973

STATE	Basic Apportionment Sec. 4 (b) (1) (1)	Sec. 4 (b) (2) (2)	Total Apportionment (Cols. 1 + 2) (3)	State Agency (4)	Regional Office (5)
	Dollars				
Alabama	50,000	288,576	338,576	331,127	7,449
Alaska	50,000	12,124	62,124	62,124	--
Arizona	50,000	81,727	131,727	131,727	--
Arkansas	50,000	160,300	210,300	206,304	3,996
California	50,000	438,607	488,607	488,607	--
Colorado	50,000	102,214	152,214	145,821	6,393
Connecticut	50,000	76,197	126,197	126,197	--
Delaware	50,000	26,217	76,217	76,217	--
District of Columbia	50,000	22,578	72,578	72,578	--
Florida	50,000	349,448	399,448	399,448	--
Georgia	50,000	390,339	440,339	440,339	--
Guam	15,000	7,160	22,160	22,160	--
Hawaii	50,000	51,889	101,889	97,304	4,585
Idaho	50,000	41,235	91,235	89,137	2,098
Illinois	50,000	351,642	401,642	401,642	--
Indiana	50,000	229,864	279,864	279,864	--
Iowa	50,000	169,996	219,996	199,756	20,240
Kansas	50,000	103,285	153,285	153,285	--
Kentucky	50,000	252,332	302,332	302,332	--
Louisiana	50,000	335,323	385,323	385,323	--
Maine	50,000	52,116	102,116	94,457	7,659
Maryland	50,000	119,414	169,414	169,414	--
Massachusetts	50,000	216,522	266,522	266,522	--
Michigan	50,000	261,485	311,485	311,485	--
Minnesota	50,000	221,395	271,395	271,395	--

TABLE IIb cont'd.)

STATE	Basic Apportionment Sec. 4 (b) (1) (1)	Sec. 4 (b) (2) (2)	Total Apportionment (Cols. 1 + 2) (3)	State Agency (4)	Regional Office (5)
	Dollars				
Mississippi	50,000	228,733	278,733	278,733	--
Missouri	50,000	219,197	269,197	269,197	--
Montana	50,000	29,148	79,148	75,665	3,483
Nebraska	50,000	72,913	122,913	109,270	13,643
Nevada	50,000	9,648	59,648	59,350	298
New Hampshire	50,000	30,019	80,019	80,019	--
New Jersey	50,000	139,365	189,365	175,163	14,202
New Mexico	50,000	74,812	124,812	124,812	--
New York	50,000	561,995	611,995	611,995	--
North Carolina	50,000	420,139	470,139	470,139	--
North Dakota	50,000	43,374	93,374	84,784	8,590
Ohio	50,000	369,307	419,307	387,859	31,448
Oklahoma	50,000	147,291	197,291	197,291	--
Oregon	50,000	88,816	138,816	138,816	--
Pennsylvania	50,000	455,605	505,605	470,213	35,392
Puerto Rico	50,000	227,928	277,928	277,928	--
Rhode Island	50,000	18,795	68,795	68,795	--
Samoa, American	15,000	5,222	20,222	20,222	--
South Carolina	50,000	238,673	288,673	286,075	2,598
South Dakota	50,000	43,424	93,424	93,424	--
Tennessee	50,000	273,548	323,548	319,665	3,883
Texas	50,000	501,783	551,783	537,988	13,795
Utah	50,000	86,903	136,903	136,903	--
Vermont	50,000	19,098	69,098	69,098	--
Virginia	50,000	263,483	313,483	310,348	3,135
Virgin Islands	15,000	7,172	22,172	22,172	--
Washington	50,000	113,099	163,099	160,653	2,446
West Virginia	50,000	115,061	165,061	162,585	2,476
Wisconsin	50,000	172,879	222,879	189,001	33,878
Wyoming	50,000	15,585	65,585	65,585	--
TOTAL	2,645,000	9,355,000	12,000,000	11,778,313	221,687

1/ Non-profit private schools disbursement effected in accordance with Section 10 of National School Lunch Act as amended, exclusive of the matching provision.

UNITED STATES DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Washington, D. C. 20250

TABLE IIc

CHILD FEEDING PROGRAM -- Nonfood Assistance

Apportionment of Funds, by State

Fiscal Year 1973

STATE	One-Half Apportionment Based on Total Lunches Served in FY 1971			Enrollment in Schools Without Food Service 1/			Percent of Enrollment in Schools W/O Food Service	One-Half Apportionment Based on Schools w/o Food Service			Total Apportionment		
	Total	State Agency	Regional Office	Total	State Agency	Regional Office		Total	State Agency	Regional Office	Total	State Agency	Regional Office
	Dollars			No. of Children			%	Dollars					
Alabama	187,334	183,310	4,024	8,684	250	8,434	.15514	11,636	335	11,301	198,970	183,645	15,325
Alaska	10,862	10,862	--	15,287	15,287	--	.27311	20,483	20,483	--	31,345	31,345	--
Arizona	66,559	66,559	--	76,536	76,536	--	1.36735	102,551	102,551	--	169,110	169,110	--
Arkansas	104,061	102,122	1,939	2,180	404	1,776	.03895	2,921	542	2,379	106,982	102,664	4,318
California	392,923	392,923	--	555,978	555,978	--	9.93283	744,962	744,962	--	1,137,885	1,137,885	--
Colorado	88,046	84,355	3,691	38,763	19,943	18,820	.69252	51,939	26,723	25,216	139,985	111,078	28,907
Connecticut	68,260	68,260	--	202,813	202,813	--	3.62336	271,752	271,752	--	340,012	340,012	--
Delaware	23,487	23,487	--	13,367	13,367	--	.23881	17,911	17,911	--	41,398	41,398	--
District of Columbia	20,227	20,227	--	2,183	2,183	--	.03900	2,925	2,925	--	23,152	23,152	--
Florida	289,863	289,863	--	107,468	107,468	--	1.91997	143,998	143,998	--	433,861	433,861	--
Georgia	296,343	296,343	--	4,869	4,869	--	.08699	6,524	6,524	--	302,867	302,867	--
Guam	4,112	4,112	--	265	265	--	.00473	355	355	--	4,467	4,467	--
Hawaii	46,485	44,409	2,076	9,669	--	9,669	.17274	12,956	--	12,956	59,441	44,409	15,032
Idaho	30,279	29,576	703	15,892	13,901	1,991	.28392	21,294	18,628	2,666	51,573	48,204	3,369
Illinois	315,017	315,017	--	445,100	445,100	--	7.95193	596,395	596,395	--	911,412	911,412	--
Indiana	201,885	201,885	--	235,015	235,015	--	4.19866	314,899	314,899	--	516,784	516,784	--
Iowa	143,670	130,457	13,213	28,893	16,131	12,762	.51619	38,714	21,618	17,096	182,384	152,075	30,309
Kansas	90,714	90,714	--	48,419	48,419	--	.86503	64,877	64,877	--	155,591	155,591	--
Kentucky	176,602	176,602	--	16,952	16,952	--	.30286	22,715	22,715	--	199,317	199,317	--
Louisiana	234,686	234,686	--	7,067	7,067	--	.12626	9,470	9,470	--	244,156	244,156	--
Maine	38,269	35,415	2,854	34,424	29,213	5,211	.61500	46,125	39,146	6,979	84,394	74,561	9,833
Maryland	106,977	106,977	--	86,057	86,057	--	1.53745	115,309	115,309	--	222,286	222,286	--
Massachusetts	193,971	193,971	--	428,780	428,780	--	7.66037	574,528	574,528	--	768,499	768,499	--
Michigan	234,251	234,251	--	346,037	346,037	--	6.18212	463,659	463,659	--	697,910	697,910	--
Minnesota	190,707	190,707	--	73,875	73,875	--	1.31981	98,986	98,986	--	289,693	289,693	--

TABLE IIc (cont'd.)

STATE	One-Half Apportionment Based on Total Lunches Served in FY 1971			Enrollment in Schools Without Food Service 1/			Percent of Enrollment in Schools W/O Food Service	One-Half Apportionment Based on Schools w/o Food Service			Total Apportionment		
	Total	State Agency	Regional Office	Total	State Agency	Regional Office		Total	State Agency	Regional Office	Total	[illegible]	[illegible]
	Dollars			No. of Children			%	Dollars					
Mississippi	134,809	134,809	--	47,990	47,990	--	.85737	64,303	64,303	--	199,112	199,112	--
Missouri	185,252	185,252	--	15,171	15,171	--	.27104	20,328	20,328	--	205,580	205,580	--
Montana	22,129	21,152	977	49,285	42,937	6,348	.88050	66,038	57,532	8,506	88,167	78,684	9,483
Nebraska	62,807	55,867	6,940	83,083	75,096	7,987	1.48432	111,324	100,626	10,698	174,131	156,493	17,638
Nevada	8,644	8,603	41	8,743	4,210	4,533	.15620	11,715	5,642	6,073	20,359	14,245	6,114
New Hampshire	24,448	24,448	--	50,516	50,516	--	.90249	67,687	67,687	--	92,135	92,135	--
New Jersey	124,850	115,550	9,300	554,156	407,867	146,289	9.90027	742,520	546,569	195,951	867,370	662,119	205,251
New Mexico	53,190	53,190	--	13,585	13,585	--	.24270	18,203	18,203	--	71,393	71,393	--
New York	503,460	503,460	--	550,000	550,000	--	9.82603	736,952	736,952	--	1,240,412	1,240,412	--
North Carolina	308,509	308,509	--	9,813	9,813	--	.17551	13,148	13,148	--	321,657	321,657	--
North Dakota	30,838	27,998	2,840	9,558	9,315	243	.17076	12,807	12,482	325	43,645	40,480	3,165
Ohio	330,843	306,118	24,725	311,780	204,171	107,609	5.57011	417,758	273,590	144,168	748,601	579,708	168,893
Oklahoma	111,822	111,822	--	5,039	5,039	--	.09002	6,752	6,752	--	118,574	118,574	--
Oregon	75,062	75,062	--	41,035	41,035	--	.73311	54,983	54,983	--	130,045	130,045	--
Pennsylvania	408,152	379,651	28,501	464,977	319,089	145,888	8.30705	623,029	427,585	195,444	1,031,181	807,236	223,945
Puerto Rico	113,438	113,438	--	85,853	85,853	--	1.53381	115,036	115,036	--	228,474	228,474	--
Rhode Island	16,837	16,837	--	67,784	67,784	--	1.21100	90,825	90,825	--	107,662	107,662	--
Samoa, American	2,599	2,599	--	1,087	1,087	--	.01942	1,456	1,456	--	4,055	4,055	--
South Carolina	159,563	158,143	1,420	17,005	--	17,005	.30380	22,785	--	22,785	182,348	158,143	24,205
South Dakota	31,886	31,886	--	10,962	10,962	--	.19584	14,688	14,688	--	46,574	46,574	--
Tennessee	194,490	192,150	2,340	7,512	2,250	5,262	.13421	10,066	3,016	7,050	204,556	195,166	9,390
Texas	401,358	391,483	9,875	58,642	7,317	51,325	1.04767	78,575	9,806	68,769	479,933	401,289	78,644
Utah	62,784	62,784	--	12,183	12,183	--	.21766	16,324	16,324	--	79,108	79,108	--
Vermont	15,008	15,008	--	15,820	15,820	--	.28263	21,197	21,197	--	36,205	36,205	--
Virginia	218,555	216,363	2,192	16,902	467	16,435	.30196	22,647	627	22,020	241,202	216,990	24,212
Virgin Islands	4,867	4,867	--	3,219	3,219	--	.05751	4,313	4,313	--	9,180	9,180	--
Washington	101,320	99,805	1,515	56,295	21,823	34,472	1.00574	75,430	29,244	46,186	176,750	129,049	47,701
West Virginia	78,090	76,953	1,137	16,924	9,189	7,735	.30235	22,676	12,313	10,363	100,766	89,266	11,500
Wisconsin	146,107	123,925	22,182	193,597	142,253	51,344	3.45871	259,403	190,609	68,794	405,510	314,534	90,976
Wyoming	12,693	12,693	--	14,291	14,291	--	.25531	19,148	19,148	--	31,841	31,841	--
TOTAL	7,500,000	7,357,515	142,485	5,597,380	4,936,242	661,138	100.00000	7,500,000	6,614,275	885,725	15,000,000	13,971,790	1,028,210

1/ Figures supplied in special survey by State Agencies and Regional Offices where private schools are administered by USDA.

TABLE IID (cont'd.)

STATE	Number of Children Age 3-17 1/ (1)	Percent of Total (2)	Basic Apportionment (3)	Remainder Apportionment (4)	Total Apportionment (5)
			DOLLARS		
New Jersey	126,634	1.32991	50,000	182,437	232,437
New Mexico	75,073	0.78842	50,000	108,155	158,155
New York	447,983	4.70472	50,000	645,393	695,393
North Carolina	569,980	5.98593	50,000	821,150	871,150
North Dakota	47,216	0.49586	50,000	68,022	118,022
Ohio	310,006	3.25568	50,000	446,614	496,614
Oklahoma	164,483	1.72740	50,000	236,965	286,965
Oregon	50,146	0.52663	50,000	72,243	122,243
Pennsylvania	383,793	4.03059	50,000	552,916	602,916
Rhode Island	26,512	0.27843	50,000	38,195	88,195
South Carolina	348,111	3.65586	50,000	501,511	551,511
South Dakota	56,377	0.59207	50,000	81,220	131,220
Tennessee	392,739	4.12454	50,000	565,804	615,804
Texas	771,356	8.10078	50,000	1,111,269	1,161,269
Utah	25,963	0.27266	50,000	37,403	87,403
Vermont	18,222	0.19137	50,000	26,252	76,252
Virginia	320,227	3.36302	50,000	461,339	511,339
Washington	74,831	0.78588	50,000	107,807	157,807
West Virginia	176,943	1.85826	50,000	254,916	304,916
Wisconsin	130,254	1.36793	50,000	187,653	237,653
Wyoming	11,591	0.12173	50,000	16,699	66,699
U. S. TOTAL	9,521,998	100.00000	2,550,000	13,718,000	16,268,000
Outlying Areas					
Guam	25,207	2.27722	--	7,560	7,560
Puerto Rico	1,023,800	92.49096	--	307,070	307,070
Samoa, American	9,837	0.88868	--	2,950	2,950
Trust Territory	36,400	3.28841	--	10,918	10,918
Virgin Islands	11,675	1.05473	--	3,502	3,502
TOTAL	1,106,919	100.00000	2,550,000	332,000	332,000
GRAND TOTAL	10,628,917	--	2,550,000	14,050,000	16,600,000

1/ The 50 States and the District of Columbia data represent the number of children age 3-17 in families with incomes under $3,000 from Department of Health, Education and Welfare (1960). The outlying areas data represent total population age 3-17 furnished by the Department of Commerce.

2/ Two percent of the total funds made available to the outlying areas. A basic apportionment of $50,000 made to the 50 States and the District of Columbia, and the remainder distributed by the percent in Column 2.

UNITED STATES DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Washington, D. C. 20250

TABLE IId

CHILD FEEDING PROGRAM -- Nonschool Food Program (Section 13)

(Special Food Service Program for Children)

Apportionment of Funds, by State

Fiscal Year 1973

STATE	Number of Children Age 3-17 1/ (13)	Percent of Total (2)	Basic Apportionment (3)	Remainder Apportionment (4)	Total Apportionment (5)
			DOLLARS		
Alabama	409,550	4.30109	50,000	590,024	640,024
Alaska	9,905	0.10402	50,000	14,269	64,269
Arizona	77,830	0.81737	50,000	112,127	162,127
Arkansas	252,668	2.65352	50,000	364,010	414,010
California	434,911	4.56743	50,000	626,560	676,560
Colorado	71,078	0.74646	50,000	102,399	152,399
Connecticut	44,353	0.46580	50,000	63,898	113,897
Delaware	15,480	0.16257	50,000	22,301	72,301
District of Columbia	33,284	0.34955	50,000	47,951	97,951
Florida	304,867	3.20171	50,000	439,211	489,211
Georgia	446,698	4.69122	50,000	643,542	693,542
Hawaii	20,282	0.21300	50,000	29,219	79,219
Idaho	28,430	0.29857	50,000	40,958	90,958
Illinois	308,546	3.24035	50,000	444,511	494,511
Indiana	159,003	1.66985	50,000	229,070	279,070
Iowa	143,377	1.50574	50,000	206,557	256,557
Kansas	87,222	0.91601	50,000	125,658	175,658
Kentucky	329,049	3.45567	50,000	474,049	524,049
Louisiana	367,056	3.85482	50,000	528,804	578,804
Maine	44,914	0.47169	50,000	64,706	114,706
Maryland	117,096	1.22974	50,000	168,696	218,696
Massachusetts	106,136	1.11464	50,000	152,906	202,906
Michigan	256,707	2.69594	50,000	369,829	419,829
Minnesota	156,916	1.64793	50,000	226,063	276,063
Mississippi	398,440	4.18442	50,000	574,019	624,019
Missouri	243,290	2.55503	50,000	350,499	400,499
Montana	29,840	0.31338	50,000	42,989	92,989
Nebraska	75,110	0.78860	50,000	108,208	158,208
Nevada	6,728	0.07066	50,000	9,693	59,693
New Hampshire	14,792	0.15535	50,000	21,311	71,311

UNITED STATES DEPARTMENT OF AGRICULTURE
FOOD AND NUTRITION SERVICE

TABLE III

Child Nutrition and Special Milk Programs
Comparison of Federal and State Financing for the Fiscal Year 1972

State	Special Milk	School Lunch	Special Assistance	School Breakfast	Nonfood Assistance	Nonschool Food Program	State Admin. a/ Expenses	Special Feeding	Commodity Distribution b/ Section 6	Commodity Distribution Donated c/ Commodities	Total Federal d/ Contribution	State and Local e/ Financing	Total Federal and State	Fed. Contr. as Percent of Total
Alabama	$ 1,864,820	$ 7,140,496	$ 8,725,526	$ 665,819	$ 266,764	$ 391,379	$ 110,062	$ 8,411,698	$ 1,630,507	$ 8,570,193	$ 37,777,264	$ 24,951,535	$ 62,728,799	60.2
Alaska	33,255	283,163	228,188	69,951	28,700	57,084	28,927	413,917	99,566	491,454	1,734,205	3,575,536	5,309,741	32.7
Arizona	475,788	2,047,169	1,882,276	382,941	127,275	243,064	43,692	2,229,448	580,094	2,889,732	10,901,479	17,320,355	28,221,834	38.6
Arkansas	921,670	4,035,383	5,279,643	484,244	148,472	314,899	73,172	3,140,951	941,101	3,796,109	19,135,644	13,409,294	32,544,938	58.8
California	7,472,306	8,421,479	11,562,472	1,466,013	1,115,355	2,620,964	125,211	30,282,769	3,349,815	12,856,363	79,272,747	97,717,021	176,989,768	44.8
Colorado	906,207	2,462,912	1,906,971	227,572	153,397	265,380	51,500	1,956,154	764,094	3,198,306	11,892,493	18,575,645	30,468,138	39.0
Connecticut	1,786,874	1,954,619	1,257,540	187,725	346,797	249,436	40,618	2,135,521	565,508	1,874,043	10,398,681	22,138,539	32,537,220	32.0
Delaware	283,473	617,067	407,377	93,479	39,446	106,186	26,041	796,557	157,146	596,088	3,122,860	24,462,975	27,585,835	11.3
District of Columbia	430,349	450,194	871,870	299,722	84,282	199,104	43,361	4,128,899	256,148	1,684,929	8,448,858	1,985,758	10,434,616	80.1
Florida	1,448,937	8,869,017	7,707,327	1,020,045	448,558	1,019,538	100,267	12,721,326	2,524,972	9,896,734	45,756,721	63,872,620	109,629,341	41.7
Georgia	1,414,717	9,792,918	9,689,669	764,902	372,386	2,260,382	110,401	12,001,706	2,486,135	9,975,515	48,868,731	46,450,492	95,319,223	51.3
Guam	...	223,983	167,449	62,782	8,018	5,796	9,355	70,199	29,851	125,249	702,682	1,501,588	2,204,270	31.9
Hawaii	80,494	1,335,482	648,418	144,099	61,938	113,710	39,074	601,041	348,400	1,212,898	4,585,554	12,629,937	17,215,491	26.6
Idaho	172,921	1,007,496	819,997	120,988	56,905	73,269	33,924	231,176	276,370	1,178,243	3,971,289	4,845,972	8,817,261	45.0
Illinois	6,610,333	7,472,803	7,817,695	801,541	708,954	1,394,034	83,396	18,361,261	2,621,491	8,046,008	53,917,516	82,899,337	136,816,853	39.4
Indiana	2,888,611	6,002,445	4,438,562	472,938	375,931	662,348	58,471	2,478,170	1,723,496	5,861,007	24,961,979	50,130,499	75,092,478	33.2
Iowa	1,472,813	4,321,966	3,690,259	342,571	224,801	188,752	64,555	1,049,097	1,275,705	4,301,257	16,931,776	30,582,908	47,514,684	35.6
Kansas	923,868	2,556,249	2,416,830	230,115	178,017	199,556	40,603	1,017,437	814,689	3,439,652	11,817,016	22,089,902	33,906,918	34.9
Kentucky	1,726,114	6,189,368	7,057,780	2,208,992	238,725	323,964	90,183	5,389,350	1,767,682	5,542,947	30,535,105	26,167,630	56,702,735	53.9
Louisiana	583,344	8,776,940	7,961,795	668,432	324,884	1,687,126	93,813	13,886,064	2,122,459	10,048,498	46,153,355	44,375,005	90,528,360	51.0
Maine	533,250	1,294,124	1,358,529	142,055	127,942	123,309	37,070	1,407,602	320,025	1,255,055	6,598,961	7,523,702	14,122,663	46.7
Maryland	2,179,644	3,165,418	3,095,784	273,039	183,089	183,142	54,335	7,516,700	901,644	3,676,173	21,228,968	43,033,883	64,262,851	33.0
Massachusetts	3,731,619	5,324,533	3,201,394	425,172	823,509	428,989	61,028	5,273,905	1,570,995	5,222,312	26,063,456	54,512,059	80,575,515	32.3
Michigan	5,989,430	5,605,761	6,537,828	480,214	963,516	2,035,961	88,194	6,905,399	1,844,671	6,049,577	36,500,551	46,005,591	82,506,142	44.2
Minnesota	2,604,552	5,039,002	4,028,219	426,192	286,540	766,863	71,607	3,732,239	1,671,516	5,237,806	24,164,536	30,383,732	54,548,268	44.3
Mississippi	1,008,107	5,854,631	7,771,294	589,944	247,508	185,968	91,406	8,856,481	1,251,273	5,314,110	31,170,722	12,408,959	43,579,681	71.5
Missouri	2,202,884	5,578,241	5,834,845	210,049	261,293	1,277,192	73,258	1,794,622	1,591,739	5,351,668	24,175,791	40,521,675	64,697,466	37.4
Montana	216,056	717,380	817,421	109,049	94,744	93,115	33,503	280,805	169,071	838,511	3,369,655	4,528,035	7,897,690	42.7
Nebraska	647,363	1,904,192	2,021,800	184,172	138,782	234,514	42,468	400,477	586,541	2,172,125	8,332,434	13,923,193	22,255,627	37.4
Nevada	179,313	201,459	192,732	65,762	57,069	76,787	26,630	490,991	101,674	441,716	1,834,133	3,336,980	5,171,113	35.5
New Hampshire	556,769	749,535	487,394	102,813	76,636	109,064	35,515	305,323	221,070	654,899	3,299,018	5,237,238	8,536,256	38.6
New Jersey	3,638,925	3,198,968	3,577,568	505,827	948,192	404,911	60,602	9,765,658	1,046,795	3,809,787	26,957,233	41,376,243	68,333,476	39.4
New Mexico	640,027	1,825,189	1,780,668	217,344	79,188	202,714	37,034	3,521,978	451,407	2,415,438	11,170,987	7,121,364	18,292,351	61.1
New York	8,000,563	14,249,983	12,537,193	1,106,572	1,224,269	856,056	134,240	37,135,317	4,036,520	11,474,108	90,754,821	133,143,091	223,897,912	40.5
North Carolina	2,479,393	9,977,231	12,451,196	809,339	370,968	738,144	141,524	11,524,601	2,515,782	9,792,992	50,801,170	50,921,914	101,723,084	49.9
North Dakota	332,171	1,137,624	1,224,522	126,519	51,533	95,083	33,728	345,420	291,866	997,722	4,636,188	5,169,848	9,806,036	47.3
Ohio	6,695,659	8,824,576	8,056,759	1,293,699	787,936	1,300,798	97,815	11,450,359	2,897,291	10,284,684	51,689,576	107,316,418	159,005,994	32.5
Oklahoma	835,545	3,264,449	3,925,046	476,017	150,016	966,638	59,937	2,949,948	1,061,801	5,189,834	18,879,231	21,863,280	40,742,511	46.3
Oregon	540,929	2,123,360	1,364,989	199,614	121,263	131,956	36,924	1,976,505	746,783	2,919,640	10,161,963	7,497,610	17,659,573	57.5
Pennsylvania	5,579,312	9,183,861	10,766,251	740,229	1,241,706	751,505	118,489	7,492,577	3,289,281	11,877,520	51,040,731	83,187,075	134,227,806	38.0
Puerto Rico	...	5,968,220	6,801,059	486,356	263,851	...	63,390	9,428,890	323,820	5,021,647	28,357,233	20,081,051	48,438,284	58.5
Rhode Island	529,753	434,217	778,815	80,596	90,087	73,663	24,777	1,049,294	151,242	576,504	3,788,948	4,954,611	8,743,559	43.3
South Carolina	560,004	6,274,919	7,266,562	539,589	242,222	956,233	93,145	7,932,959	1,416,982	5,362,497	30,645,112	20,760,955	51,406,067	59.6
South Dakota	310,744	909,748	1,358,091	114,101	73,282	211,753	39,866	406,975	302,275	1,120,000	4,846,835	7,060,149	11,906,984	40.7
Tennesaee	1,744,477	6,808,257	8,600,809	1,040,023	260,168	1,011,593	100,969	5,227,352	1,801,894	7,799,215	34,394,757	40,716,834	75,111,591	45.8
Texas	3,485,743	11,282,649	18,058,888	1,450,988	502,266	2,347,468	178,854	21,944,981	3,622,097	16,344,093	79,218,027	104,519,645	183,737,672	43.1
Utah	282,870	2,050,161	746,509	194,457	89,512	51,357	41,503	626,637	521,512	2,933,441	7,537,959	11,466,594	19,004,553	39.7
Vermont	279,337	436,985	546,051	80,791	30,749	112,902	38,610	275,080	125,148	537,724	2,463,377	3,319,436	5,782,813	42.6
Virginia	1,808,980	6,719,015	7,369,482	540,880	267,567	1,040,350	93,015	6,989,760	1,878,564	8,703,112	35,410,725	48,614,088	84,024,813	42.1
Virgin Islands	...	233,524	77,556	32,706	11,138	4,382	7,201	376,822	58,066	153,071	954,466	1,986,110	2,940,576	32.5
Washington	1,187,318	2,832,099	2,047,301	251,997	165,442	380,552	48,884	3,520,996	824,488	3,624,389	14,883,466	22,495,007	37,378,473	39.8
West Virginia	1,095,429	2,664,416	3,872,759	527,961	137,782	230,106	68,494	4,109,024	694,666	2,681,059	16,081,696	13,318,535	29,400,231	54.7
Wisconsin	3,548,659	4,397,302	3,558,139	355,041	395,469	534,259	62,239	2,091,622	1,266,454	4,781,058	20,990,242	29,880,261	50,870,503	41.3
Wyoming	105,100	398,237	330,556	78,061	30,594	54,650	24,192	74,172	113,884	479,844	1,689,290	2,685,131	4,374,421	38.6
Samoa, American	...	127,585	65,347	27,961	4,567	...	4,386	252,788	19,664	89,475	591,773	76,988	668,761	88.5
Okinawa	...	...	...	...	...	...	8,542	...	...	32,587	41,129	...	41,129	100.0
Trust Territories	...	...	...	...	...	13,487	...	...	...	341,057	354,544	...	354,544	100.0
UNDISTRIBUTED	...	-615,225	-224,132	-688,515	-213,002	+996,677	-250,367	+652	...	...	-993,912	...	-993,912	100.0
Total	95,026,819	224,402,775	236,822,868	24,311,485	15,896,998	31,358,112	3,249,633	308,737,652	64,023,730	251,141,675	1,254,971,747	1,660,629,833	2,915,601,580	43.0

a/ Includes funding by Special Food Services and Special Section 32.
b/ Transfer from Section 32 for commodity donations to schools.
c/ Includes surplus commodities acquired under price support (Section 416) and surplus removal program (Section 32).
d/ Excludes $605,612 Nutritional Training and Surveys.
e/ Contributions from the several sources within the States - State and local government contributions, other local contributions, and payments to children.

UNITED STATES DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Washington, D. C. 20250

TABLE IV

NATIONAL SCHOOL LUNCH PROGRAM

Number of Children and Schools Participating (Elementary and Secondary Schools) 1/

FISCAL YEAR 1972 - Preliminary

REGION/STATE	U. S. Schools 2/	NSLP Schools	NSLP of U. S. Schools	U. S. Enrollment 3/	NSLP Participants 4/	NSLP Participants: To U.S. Enrollment	NSLP Enrollment 5/	NSLP Participants: To NSLP Enrollment	NSLP Average Daily Attendance
	Number		%	No. of Children		%	No. of Children	%	No. of Children
NORTHEAST									
Connecticut	1,515	842	55.6	770,144	219,664	28.5	524,282	41.9	480,767
Delaware	244	181	74.2	151,353	79,113	52.3	134,152	59.0	121,542
District of Columbia	274	195	71.2	168,227	73,772	43.9	147,593	50.0	123,388
Maine	1,024	720	70.3	264,184	128,971	48.8	223,788	57.6	209,242
Maryland	1,719	1,258	73.2	1,032,858	380,449	36.8	944,595	40.3	825,576
Massachusetts	3,165	1,848	58.4	1,366,899	662,840	48.5	1,016,852	65.2	920,251
New Hampshire	571	361	63.2	186,334	94,626	50.8	158,155	59.8	141,074
New Jersey	3,220	1,606	49.9	1,745,106	435,336	24.9	921,498	47.2	803,546
New York	6,429	4,623	71.9	4,224,065	1,595,024	37.8	3,438,943	46.4	3,122,560
Pennsylvania	5,791	3,815	65.9	2,858,823	1,128,106	39.5	2,406,604	46.9	2,214,076
Rhode Island	503	270	53.7	225,157	62,936	28.0	161,655	38.9	137,568
Vermont	514	343	66.7	115,273	58,122	50.4	87,642	66.3	80,981
West Virginia	1,313	1,277	97.2	411,275	261,251	63.5	323,998	80.6	295,162
Regional Total	26,282	17,339	66.0	13,519,698	5,180,210	38.3	10,489,757	49.4	9,475,733
SOUTHEAST									
Alabama	1,473	1,375	93.3	859,981	641,473	74.6	811,753	79.0	743,566
Florida	2,322	1,850	79.7	1,552,467	994,394	64.1	1,438,670	69.1	1,255,959
Georgia	1,841	1,814	98.6	1,131,579	959,228	84.8	1,129,969	84.9	1,005,672
Kentucky	1,681	1,607	95.6	780,228	564,179	72.3	768,558	73.4	696,314
Misaissippi	1,098	938	85.4	601,722	473,701	78.7	564,507	83.9	508,056
North Carolina	2,086	2,016	96.6	1,220,866	966,478	79.2	1,179,655	81.9	1,102,977
Puerto Rico	2,596	2,444	94.1	747,400	406,977	54.4	714,264	56.9	689,366
South Carolina	1,241	1,119	90.2	668,811	526,418	78.7	657,442	80.1	596,957
Tennessee	1,874	1,742	93.0	934,630	654,501	70.0	829,919	78.9	760,206
Virginia	1,990	1,820	91.4	1,144,693	724,191	63.3	1,096,443	66.0	988,992
Virgin Islands	53	45	84.9	22,834	17,641	77.3	22,087	79.9	20,099
Regional Total	18,255	16,770	91.9	9,665,211	6,929,181	71.7	9,213,267	75.2	8,368,164
MIDWEST									
Illinois	5,892	4,024	68.3	2,802,879	1,136,925	40.6	2,546,712	44.6	2,317,508
Indiana	2,621	2,199	83.9	1,339,307	705,547	52.7	1,303,394	54.1	1,266,401
Iowa	2,333	2,208	94.6	731,508	478,797	65.5	669,581	71.5	610,658
Michigan	4,481	2,943	65.7	2,465,947	674,843	27.4	1,779,153	37.9	1,636,821
Minnesota	2,476	2,225	89.9	1,038,608	638,873	61.5	978,534	65.3	883,616
Missouri	2,930	2,590	88.4	1,181,044	680,672	57.6	1,114,793	61.0	1,018,050
Nebraska	2,194	879	40.1	373,775	208,790	55.8	318,726	65.5	295,459
North Dakota	617	511	82.8	158,985	102,048	64.2	154,422	66.1	150,078
Ohio	4,980	3,961	79.5	2,747,294	1,127,338	41.0	2,301,429	49.0	2,154,138
South Dakota	1,117	654	58.5	182,182	112,788	61.9	167,663	67.3	152,909
Wisconain	2,984	2,297	77.0	1,185,603	518,782	43.8	1,006,654	51.5	887,869
Regional Total	32,625	24,491	75.1	14,207,132	6,385,403	44.9	12,341,061	51.7	11,373,507

TABLE IV (cont'd.)

REGION/STATE	U. S. Schools 2/	NSLP Schools	NSLP of U. S. Schools	U. S. Enrollment 3/	NSLP Participants 4/	NSLP Participants: To U.S. Enrollment	NSLP [illegible] 5/	NSLP Participants: To NSLP Enrollment	NSLP Average Daily Attendance
	Number		%	No. of Children		%	No. of Children	%	No. of Children
SOUTHWEST									
Arkansas	1,332	1,313	98.6	475,505	350,016	73.6	467,950	74.8	424,431
Colorado	1,327	1,178	88.8	585,628	314,326	53.7	568,729	55.3	550,122
Kansas	1,891	1,705	90.2	547,458	328,183	59.9	524,411	62.6	448,371
Louisiana	1,676	1,658	98.9	985,110	787,969	80.0	960,284	82.0	861,375
New Mexico	727	654	90.0	295,209	190,347	64.5	275,059	69.2	261,717
Oklahoma	1,965	1,872	95.3	639,521	387,869	60.6	626,814	61.9	566,013
Texas	5,324	4,813	90.4	2,962,941	1,628,226	55.0	2,703,738	60.2	2,419,846
Regional Total	14,242	13,193	92.6	6,491,372	3,986,936	61.4	6,126,985	65.1	5,531,875
WESTERN									
Alaska	405	269	66.4	80,913	37,130	45.9	68,103	54.5	64,766
Arizona	904	671	74.2	469,365	248,370	52.9	403,376	61.6	347,710
California	9,118	5,530	60.6	5,033,323	1,404,498	27.9	3,750,250	37.4	3,423,978
Guam	47	44	93.6	26,400	15,748	59.6	25,933	60.7	23,884
Hawaii	289	229	79.2	202,417	149,304	73.8	189,976	78.6	177,248
Idaho	570	485	85.1	188,504	106,107	56.3	174,990	60.6	159,591
Montana	960	521	54.3	188,134	77,945	41.4	139,963	55.7	126,387
Nevada	255	193	75.7	131,999	39,494	29.9	120,514	32.8	108,979
Oregon	1,433	1,156	80.7	505,433	282,455	55.9	491,105	57.5	432,172
Samoa, American	36	33	91.7	10,400	8,196	78.8	8,794	93.2	8,020
Utah	591	536	90.7	308,731	199,549	64.6	306,609	65.1	283,000
Washington	1,877	1,526	81.3	863,940	333,700	38.6	785,083	42.5	739,548
Wyoming	429	277	64.6	89,151	42,838	48.0	75,115	57.0	69,632
Regional Total	16,914	11,470	67.8	8,098,710	2,945,334	36.4	6,539,811	45.0	5,964,915
GRAND TOTAL	108,318	83,263	76.9	51,982,123	25,427,064	48.9	44,710,881	56.9	40,714,194

1/ Data represent the number of participants in the program during December 1971 and number of schools in March 1972. The number of schools and participants may have been higher in some States during other months, but these were the peak months nationally.
2/ Source: Annual Report on School Food Service, October 1971 (adjusted).
3/ Source: Statistics of Public Schools, Fall 1970 Edition. Private school enrollment estimated by Office of Education.
4/ Number of participants includes absentees based on attendance factors published in Digest of Educational Statistics, 1970 Edition.
5/ Average daily attendance adjusted to include absentees, as in Footnote 4, to obtain enrollment.

Commodities Distributed to the Child Nutrition Programs
During Fiscal Years 1971 and 1972

TABLE V

Program and Commodity	Fiscal Year 1971 Pounds	Fiscal Year 1971 Amount	Fiscal Year 1972 Pounds	Fiscal Year 1972 Amount
Direct Purchases:				
Section 6				
Apricots, Canned	20,397,338	$2,994,330	23,992,920	$3,553,143
Beans, Canned Green	18,240,424	1,997,325	16,860,904	2,041,830
Beef Products	43,930,495	24,754,837	44,942,042	25,543,662
Chicken, Frozen	52,779,500	16,176,917	49,954,107	15,837,988
Corn, Canned	14,934,731	1,786,196	15,917,318	2,074,781
Grapefruit Segments, cd.	1,276	230	...	...
Peaches, cd.	44,135,503	5,830,296	21,158,840	3,174,772
Peas, cd.	17,842,554	1,962,685	13,961,560	1,817,458
Pineapple, cd.	19,994,954	3,003,240	20,562,597	2,831,684
Plums, cd.	...	...	6,667,921	770,832
Pork Products	550	295	...	...
Sweet Potatoes	14,643,903	2,190,190	14,713,129	2,081,057
Tomato Products	28,853,048	3,609,555	30,185,739	4,296,523
Total, Section 6	275,754,276	64,306,096	258,917,077	64,023,730
Donated Commodities:				
Section 32				
Apples, Fresh	16,791,960	1,601,952	19,060,760	1,719,283
Apple Juice	26,767	2,538	455,792	47,448
Applesauce	59,906,499	6,795,398	56,427,994	6,376,327
Beans, cd. Green and Dry	24,483,674	2,801,356	15,901,971	2,086,566
Beef Products	2,026,653	1,210,333	16,952	10,788
Butter	54,560,710	42,125,220	7,814,374	5,822,491
Cheese	...	...	1,268,052	772,117
Chicken, cd. and Boned	220,542	153,189	2,914,198	1,806,512
Corn, cd.	906,517	117,755	173,787	22,609
Cranberries, Fresh	3,845,848	730,715	4,690,088	872,361
Egg Mix	3,600	3,050	10,836	8,841
Grape Juice	...	...	10,923	1,843
Grapefruit Sections	12,271,987	2,381,993	257,887	50,055
Honey	3,103,605	651,760	190,680	40,044
Lard/Shortening	78,633	10,149	26,000	3,357
Lentils	426,954	58,793	244,768	31,746
Meat, cd. Chopped	544,363	255,088	173,475	92,653
Meat, Luncheon	...	...	27,495	14,685
Milk, Evaporated	17,748	2,845	34,886	5,818
Milk, Nonfat Dry	3,000,000	938,100	2,370,899	837,639
Nectars, Fruit	...	...	4,524	450
Orange Juice, Frozen conc.	25,067,206	5,315,121	2,630,590	558,211
Orange Juice, Processed	...	...	31,482	3,208
Peaches, Fresh and Canned	304	36	17,625,617	2,804,235
Peanut Butter	17,444,380	5,592,666	1,711,118	556,456
Pears, Fresh and Canned	241,759	36,681	60,442,238	8,520,729
Peas, cd.	25,896	3,211	96,072	13,863
Pea Soup Mix	...	...	190,695	56,541
Peas, Dry, Split	596,738	50,901	683,606	558,646
Plums, cd.	24,135	2,703	2,691	302
Pork Products	75,322,940	41,049,183	83,671,274	46,808,980
Potatoes, White Dehydrated	73,548	14,062	11,947,782	2,205,558
Potatoes, French Fried	...	...	21,170,910	2,982,980
Potatoes, Sweet, Fresh and cd.	3,456	455	...	...
Poultry, cd.	...	...	16,270,955	10,086,363
Prunes, Dried and Canned	20,181,186	3,147,580	349,407	61,314
Raisins	1,465,426	225,094	7,930,386	1,255,381
Syrup, Corn	10,263	1,362	144,540	17,070
Tomato Products	1,976,209	282,682	151,247	19,722
Turkey Products	35,263,628	12,206,356	45,771,266	15,308,428
Total, Section 32	359,913,134	127,766,327	382,798,217	112,441,620
Section 416				
Beans, cd. and Dry	...	...	1,279,917	167,925
Bulgur	1,204,992	95,074	1,066,258	84,983
Butter	54,945,000	39,796,000	101,108,917	75,336,256
Butter Oil	375,210	362,266	132	127
Cheese	9,494,374	5,784,921	23,956,280	14,586,980
Corn Flour	277,850	11,059	2,350	94
Corn Meal	18,279,430	871,927	17,241,550	806,902
Farina	50,610	7,181	69,678	10,034
Flour	257,894,416	15,473,664	250,779,997	15,673,756
Grits, Corn	1,294,836	76,916	1,147,004	71,228
Macaroni	52,032	7,180	21,096	2,721
Milk, Instant Fortified	577,288	254,410	4,651,020	2,127,378
Milk, Nonfat Dry	28,564,238	8,932,032	25,573,650	9,035,168
Oats, Rolled	6,544,196	415,556	7,344,830	452,445
Peanut Butter	...	...	16,104,493	5,237,181
Rice	35,657,808	3,847,476	31,499,296	3,398,773
Rice Cereal	...	...	36	14
Salad Oil	19,199,923	3,918,700	21,813,700	4,460,901
Shortening, Vegetable	33,643,194	6,940,591	34,849,050	7,015,113
Wheat, Rolled	4,934,728	316,314	3,516,256	232,076
Total, Section 416	472,990,125	87,111,267	542,025,510	138,700,055
Total	1,108,657,535	279,183,690	1,183,740,804	315,165,405

(b) Special Milk Program

Appropriation Act, 1973	$97,123,000
Budget Estimate, 1974	25,000,000
Decrease in Appropriation	-72,123,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	1973	Program Changes	1974 Estimate
Cash payments to States	$96,374,000	-$72,023,000	$24,351,000
Operating expenses	749,000	-100,000	649,000
Total	97,123,000	- 72,123,000	25,000,000

PROJECT STATEMENT
(On basis of appropriation)

Project	1972	1973 (estimated)	Inc. or Dec. Program Changes	1974 (estimated)
1. Cash payments to States	$103,268,440	$96,374,000	$-72,023,000(1)	$24,351,000
2. Operating expenses	731,560	749,000	-100,000(2)	649,000
Total, appropriation	104,000,000	97,123,000	-72,123,000	25,000,000

PROJECT STATEMENT
(On basis of available funds)

Project	1972	1973 (estimated)	Inc. or Dec. Program Changes	1974 (estimated)
1. Cash payments to States	$ 95,026,818	$96,374,000	$-72,023,000(1)	$24,351,000
2. Operating expenses	701,514	749,000	-100,000(2)	649,000
Total obligations	95,728,332	97,123,000	-72,123,000	25,000,000
Unobligated balance:				
Available, start of year	-1,910,511	-1,949,068	---	-1,949,068
Available, end of year	1,949,068	1,949,068	---	1,949,068
Unobligated balance lapsing	8,233,111	---	---	---
Total, appropriation	104,000,000	97,123,000	-72,123,000	25,000,000

(1) A decrease of $72,023,000 in appropriation for Cash Payments to States ($96,374,000 program level in 1973).

There is no need for a separate special milk program in schools that have a food service program as every lunch or breakfast contains a half-pint of milk. Further, these meals are available to needy children on a free or reduced price basis. Additional milk is also available for purchase by participants if they desire to do so but not at a subsidized rate. However, since all schools do not have a lunch and/or breakfast program, the special milk program will continue in these no-program schools until they institute a food service program.

(2) A decrease of $100,000 in Federal Operating Expenses.

The decrease is due to the reduced workload resulting from limiting the program to non-food service schools in 1974.

STATUS OF PROGRAM

Current activities

The special milk program seeks to increase the consumption of fluid milk by children. All nonprofit primary and secondary schools, nonprofit summer camps, and nonprofit child-care institutions devoted to the care and training of children, are eligible to participate in the program. From its inception in fiscal year 1955 through fiscal year 1962, the program was financed through advances from Commodity Credit Corporation funds. The Agricultural Act of 1961 (P.L. 87-128), approved August 8, 1961, authorized an appropriation for the program and extended it through June 30, 1967. The Child Nutrition Act of 1966 incorporated the special milk program and extended it through fiscal year 1970. Public Law 91-295, enacted June 30, 1970, authorized appropriation authority not to exceed $120 million for fiscal year 1970 and each succeeding year.

Operation of the program

Assistance is provided to State agencies and eligible individual institutions in the form of reimbursement payments. Such payments help inaugurate a milk service or expand existing service through reduced prices or establishment of new times of service.

Eligible insitutions receive 3¢ per half-pint sold when milk is sold as a separately priced item. Those institutions which also serve Type A lunches under the National School Lunch Program may receive up to 4¢ reimbursement per half-pint for milk served in addition to the milk served as part of the Type A lunch. Where milk is not sold as a separate item, the reimbursement rate is 2¢ per half-pint for all milk served. No reimbursement is paid for milk served as a part of the school breakfast program.

Special assistance

A program was inaugurated in fiscal year 1962 to provide special assistance to certain schools so that they could serve milk to needy children without charge. These schools were not participating in the special milk program because of poor local economic conditions. The local school districts did not have the funds required to operate a food or milk service.

In fiscal 1963, this phase of the program was made available to (1) participating schools, not serving lunches, which had a large number of children unable to pay for their milk, and (2) schools certified for special assistance reimbursement payments on the basis of need under the National School Lunch Program.

In schools which qualify for the special assistance program, the Federal reimbursement may cover the full cost of all milk served free to needy children. Reimbursement for all other milk served is at the regular rates outlined above. During fiscal 1967, special assistance was extended to schools with school breakfast programs operated primarily for needy children.

Procedures and administration

In general, procedures established for this program are designed to encourage increased consumption of milk, while making it available to children at reduced prices. For this reason, participating schools are permitted to use up to 1¢ per half-pint of milk to pay the cost of distributing the milk within the school. They may retain up to 1-1/2¢ for this purpose where justified by unusually high labor costs or the rental or purchase of equipment.

State agencies are encouraged to administer the program to the greatest extent possible. The Food and Nutrition Service administers the program directly for private schools where the State agency is prohibited by law from disbursing funds to such participants, and in other outlets where no State agency has assumed responsibility for administration.

Funds are made available to State agencies through a Letter of Credit procedure. This procedure, established in 1965, permits State agencies to obtain funds to pay claims on hand by filing appropriate documents, through normal banking channels, with the Federal Reserve Banks. This assures that funds will be available to the States for prompt payment of claims, and insures that Federal funds will be withdrawn from the Treasury only as needed by the States for payment of claims.

No Federal funds are used by State agencies for administering this program in the States.

Selected examples of recent progress

Program Statistics by Fiscal Years

Fiscal Year	Number of Outlets Participating	Half-pints Reimbursed (Millions)	Total Reimbursement Payments
1955	41,094	449.8	$ 17,220,281
1956	62,266	1,394.2	45,842,194
1957	71,239	1,752.7	60,411,200
1958	76,478	1,918.2	66,290,970
1959	81,587	2,176.2	74,223,939
1960	83,922	2,384.7	80,277,086
1961	86,494	2,476.7	84,008,164
1962	88,188	2,631.0	88,713,265
1963	90,486	2,765.6	93,347,465
1964	91,890	2,929.0	99,156,543
1965	92,005	2,966.8	97,268,651
1966	97,437	3,059.1	96,025,736
1967	95,139	3,027.2	98,751,469
1968	94,422	3,035.7	101,856,664
1969	98,382	2,944.4	101,886,266
1970	97,234	2,901.9	101,527,020 a/
1971	97,584	2,570.0	92,299,136
1972	94,008	2,500.7	95,026,818
1973 (estimate)	94,100	2,535.0	96,374,000

During the 1972 fiscal year, 90,856 schools and 3,152 child-care institutions in the 50 States and the District of Columbia served an estimated 2,500.7 million half-pints of milk.

Number of Half-Pints of Milk Reimbursed
(in thousands)

Month	Fiscal Year 1971	Fiscal Year 1972
July	32,661	48,321
August	34,550	37,450
September	231,283	265,832
October	304,939	290,682
November	261,909	278,881
December	214,861	210,197
January	278,456	278,929
February	261,510	266,716
March	300,181	276,950
April	252,470	240,514
May	277,610	301,981
June	119,545	4,283
Total	2,569,975	2,500,736

a/ Includes obligations of $20.0 million from funds allocated from the special feeding program, Section 32.

Number of Participating Outlets, Half-pints Reimbursed and Obligations by State

TABLE I

Fiscal Years 1971 and 1972

STATE	No. of Outlets Participating		Est. No. 1/2 Pints Milk Reimb. (Mil.)		Obligations (Thousands)	
	1971	1972	1971	1972	1971	1972
Alabama	1,541	1,445	42.2	37.2	1,741	1,865
Alaska	111	110	1.4	1.3	36	33
Arizona	741	737	13.1	14.1	424	476
Arkansas	1,050	996	26.5	23.8	1,027	922
California	8,232	8,350	235.8	203.1	7,115	7,472
Colorado	1,389	1,311	22.0	23.7	925	906
Connecticut	1,303	1,350	52.2	55.0	1,766	1,787
Delaware	241	246	8.4	8.2	288	283
District of Columbia	244	242	14.8	12.0	513	430
Florida	1,776	1,641	39.9	43.5	1,402	1,449
Georgia	1,931	1,862	31.6	39.1	1,286	1,415
Hawaii	240	256	2.8	2.3	99	81
Idaho	567	547	5.1	5.1	174	173
Illinois	5,544	5,544	165.8	165.4	6,087	6,610
Indiana	2,595	2,617	72.0	72.0	2,655	2,889
Iowa	2,246	2,342	35.8	38.1	1,219	1,473
Kansas	1,857	1,959	26.4	25.7	936	924
Kentucky	1,668	1,692	47.1	42.9	1,806	1,726
Louisiana	1,250	1,298	11.2	16.2	385	583
Maine	927	871	16.3	13.9	499	533
Maryland	1,579	1,632	62.8	59.0	2,266	2,180
Massachusetts	2,912	2,726	96.4	99.8	3,275	3,732
Michigan	4,793	3,685	162.5	134.1	5,425	5,989
Minnesota	2,437	2,437	67.7	73.1	2,697	2,605
Mississippi	1,170	1,136	28.3	30.5	959	1,008
Missouri	2,841	2,782	53.9	58.1	2,045	2,203
Montana	469	463	5.9	6.1	201	216
Nebraska	1,123	1,082	15.3	17.1	551	647
Nevada	210	228	5.0	5.1	157	179
New Hampshire	604	476	15.1	14.2	495	557
New Jersey	2,819	2,791	94.8	99.6	3,520	3,639
New Mexico	776	754	24.0	22.3	618	640
New York	6,510	5,844	254.3	225.2	9,222	8,001
North Carolina	2,119	2,111	73.2	72.0	2,665	2,479
North Dakota	565	532	9.0	8.7	337	332
Ohio	5,077	4,814	165.7	178.7	6,504	6,696
Oklahoma	1,884	1,910	26.9	21.8	898	836
Oregon	1,296	1,315	17.3	16.9	540	541
Pennsylvania	5,136	4,584	127.0	118.7	5,255	5,579
Rhode Island	436	434	15.0	15.0	536	530
South Carolina	1,206	1,168	15.7	14.8	573	560
South Dakota	300	254	9.1	9.1	320	311
Tennessee	1,901	1,790	43.6	45.9	1,559	1,744
Texas	4,297	4,615	93.0	96.4	3,416	3,486
Utah	549	568	7.9	7.6	296	283
Vermont	506	431	8.4	8.9	279	279
Virginia	1,951	1,906	50.7	49.1	1,789	1,809
Washington	1,746	1,744	31.9	33.2	1,104	1,187
West Virginia	1,241	1,081	19.3	18.0	1,029	1,095
Wisconsin	3,387	3,012	96.8	96.4	3,538	3,549
Wyoming	291	287	3.0	2.7	111	105
Sub-Total	97,584	94,008	2,569.9	2,500.7	92,563	95,027
Adjustment	---	---	---	---	-264	---
Total	97,584	94,008	2,569.9	2,500.7	92,299	95,027

TABLE II(cont'd.)

State	Total Apportionment	State Agency	Regional Office
		Dollars	
Nevada	188,526	170,218	18,308
New Hampshire	563,152	563,152	--
New Jersey	3,641,933	3,190,628	451,305
New Mexico	611,405	338,054	273,351
New York	7,726,262	7,726,262	--
N.Y. Off Gen. Sv	339,272	339,272	--
North Carolina	2,559,121	2,559,121	--
North Dakota	345,610	311,277	34,333
Ohio	6,819,090	6,146,281	672,809
Ohio Deo Pub. Wel.	166,993	166,993	--
Oklahoma	892,622	892,622	--
Oregon	570,236	554,442	15,794
Pennsylvania	5,117,345	4,631,576	485,769
Rhode Island	559,818	559,818	--
South Carolina	560,478	495,059	65,419
South Dakota	333,659	333,659	--
Tennessee	1,764,931	1,701,358	63,573
Texas	3,810,658	3,590,403	220,255
Utah	298,936	296,840	2,096
Vermont	289,785	280,709	9,076
Virginia	1,865,613	1,741,368	124,245
Washington	1,226,076	1,074,677	151,399
West Virginia	920,722	894,162	26,560
Wisconsin	3,695,174	3,091,313	603,861
Wyoming	110,209	110,209	--
TOTAL	95,410,000	91,592,348	3,817,652

TABLE II (cont'd.)

STATE	PARTICIPATION: RATE a/	PER CAPITA: INCOME (U.S. $3,921) b/	PER CAPITA: INCOME INDEX c/	ASSISTANCE NEED RATE d/	STATE INDEX IN UNITS OF 100 e/	STATE PERCENT f/	APPORTIONMENT: TOTAL g/	APPORTIONMENT: STATE AGENCY	APPORTIONMENT: REGIONAL OFFICE	MATCHING PERCENT REQUIRED h/	MATCHING STATE FUND REQUIRED i/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	No.	$				%	$			%	$
NORTH DAKOTA	15,823,296	3,127	1.2539	6.3	996,868	.46364	1,046,653	950,256	96,397	245.26341	93,225
OHIO	169,757,821	3,978	.9857	5.0	8,487,891	3.94770	8,911,814	8,246,101	665,713	300.00000	989,532
OKLAHOMA	57,376,573	3,296	1.1896	5.9	3,385,218	1.57446	3,554,296	3,554,296	--	254.18076	361,373
OREGON	38,514,769	3,719	1.0543	5.3	2,041,283	.94940	2,143,242	2,143,242	--	284.19528	243,640
PENNSYLVANIA	209,425,721	3,911	1.0026	5.0	10,471,286	4.87018	10,994,285	10,226,885	767,400	299.20251	1,223,964
PUERTO RICO	58,205,953	1,366	2.8704	9.0	5,238,536	2.43643	5,500,168	5,500,168	--	108.74820	239,253
RHODE ISLAND	8,639,262	3,898	1.0059	5.0	431,963	.20091	453,548	453,548	--	295.57758	53,623
SAMOA, AMERICAN	1,333,563	744	5.2702	9.0	120,021	.05582	126,012	126,012	--	56.91156	2,869
SOUTH CAROLINA	81,873,094	2,943	1.3323	6.7	5,485,497	2.55129	5,759,461	5,708,201	51,260	229.24119	523,422
SOUTH DAKOTA	16,361,070	3,203	1.2242	6.1	998,025	.46418	1,047,872	1,047,872	--	249.83085	104,716
TENNESSEE	99,794,104	3,097	1.2661	6.3	6,287,029	2.92408	6,601,023	6,521,810	79,213	241.05849	628,855
TEXAS	205,939,291	3,503	1.1193	5.6	11,532,600	5.36379	12,108,595	11,810,723	297,872	266.94054	1,261,104
UTAH	32,214,810	3,187	1.2303	6.2	1,997,318	.92895	2,097,077	2,097,077	--	246.13341	206,464
VERMONT	7,700,796	3,443	1.1388	5.7	438,945	.20415	460,863	460,863	--	261.72063	48,247
VIRGINIA	112,142,318	3,610	1.0861	5.4	6,055,685	2.81649	6,358,142	6,294,560	63,582	280.28034	705,697
VIRGIN ISLANDS	2,497,323	2,968	1.3211	6.6	164,823	.07666	173,058	173,058	--	227.13873	15,723
WASHINGTON	51,987,962	4,025	.9742	5.0	2,599,398	1.20897	2,729,214	2,688,548	40,666	299.78250	322,392
WEST VIRGINIA	40,068,270	2,984	1.3140	6.6	2,644,506	1.22995	2,776,575	2,736,037	40,538	234.02610	256,122
WISCONSIN	74,968,608	3,687	1.0635	5.3	3,973,336	1.84799	4,171,782	3,538,505	633,277	281.29530	398,146
WYOMING	6,512,885	3,536	1.1089	5.5	358,209	.16660	376,095	376,095	--	272.08797	40,932
TOTAL	3,848,301,437				215,008,494	100.00000	225,747,000	221,658,610	4,088,390		23,727,609

a/ Number of lunches, consisting of a combination of foods and meeting the minimum requirements prescribed by the Secretary of Agriculture, served in Fiscal Year 1971, by schools participating under the National School Lunch Act.

b/ Average annual per capita income based on the three most recent years (1969, 1970 and 1971) certified by the Department of Commerce.

c/ U. S. 3-year average per capita income ($3,921) divided by State 3-year average per capita income.

d/ A need rate of 5 is assigned to any State having an average annual per capita income equal to or greater than the U.S. average annual per capita income. The need rate for any State with a per capita income lower than the U.S. average is obtained by multiplying such State s income index by 5, except that no State's need rate may exceed 9.

e/ Participation rate times assistance need rate (Column 1 times Column 4).

f/ Individual State index divided by U.S. total index.

g/ Total funds to be apportioned multiplied by State percent.

h/ Federal funds apportioned to each State must be matched from State sources at the basic rates of $3 for each Federal dollar. This requirement is reduced for States with a 1971 per capita income less than the 1971 national average. For such States, the matching required shall be reduced by the percentage which such State per capita income is below the national average.

i/ The amount of State revenue (other than revenue derived from Program) appropriated or utilized specifically for program purposes (other than salaries and administrative expenses at the State as distinguished from local level required by Public Law 91-248 for Fiscal Year 1973 at 4% of the total amount required for matching purposes.

(c) Food Stamp Program

Appropriation Act, 1973	$2,500,000,000
Budget Estimate, 1974	2,200,000,000
Decrease in Appropriation	- 300,000,000

Appropriation Act, 1973	$2,500,000,000	
Transfer to General Services Administration for rental of space	- 96,000	
Adjusted base for 1974		2,499,904,000
Budget estimate, 1974		2,200,000,000
Decrease in appropriation		- 299,904,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	1973	Program Changes	1974 Estimate
Program costs	$2,169,997,000	$ +1,563,000	$2,171,560,000
Operating expenses	23,335,000	+ 855,000	24,190,000
Transfer to Office of Inspector General for audit work	4,250,000	---	4,250,000
Unobligated balance lapsing	302,322,000	-302,322,000	---
Total available	2,499,904,000	-299,904,000	2,200,000,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1972	1973 (estimated)	Program Changes	1974 (estimated)
1. Program costs	$1,895,964,394	$2,169,997,000	$ +1,563,000	$2,171,560,000
2. Operating expenses	20,866,375	23,335,000	855,000	24,190,000
Transfer to Office of Inspector General	4,077,000	4,250,000	---	4,250,000
Unobligated balance lapsing	+368,206,650	302,322,000	-302,322,000(1)	---
Total available or estimate	2,289,114,419	2,499,904,000	-299,904,000	2,200,000,000
Transfer to GSA	+99,304	+96,000		
Total, appropriation	2,289,213,723	2,500,000,000		

(1) A decrease of $299,904,000 in appropriation to bring the appropriation in line with actual program requirements.

The Fiscal Year 1973 Food Stamp Appropriation exceeds present estimates of program needs by about $300 million, of this amount, $158,854,000 represents funds placed in contingency reserve by Congress to cover unpredictable situations of extraordinary growth. The remainder represents funds originally provided to cover increased participation to be generated by new legislation and continued steady growth in established project areas. Experience to date indicates that early planning projections overshot actual participation somewhat, as much of the anticipated additional participation failed to materialize. With more experience under the revised program and with better forecasting techniques available, Fiscal Year 1974 participation can be projected more precisely and with greater confidence. The net program increase of $2,418,000 is composed of the following:

(a) An increase of $136,000,000 to cover higher bonus allotments made necessary by increases in retail food prices. Regulations implemented pursuant to the passage of amendments to the Food Stamp Act (P.L. 91-671) include the requirement that stamp allotments be sufficient to purchase a nutritionally adequate diet as defined by the Economy Food Plan developed by the USDA Agricultural Research Service. The December 1972 cost of the Plan was at a level to trigger an increase in stamp allotments such that average monthly bonuses will increase to $15.50 per person in Fiscal Year 1974, up $1.00 from Fiscal Year 1973 average of about $14.50.

(b) An increase of $69,600,000 to provide for full-year cost of growth in participation that did occur in Fiscal Year 1973. Present estimates indicate participation will level off at 12.1 million in June 1973, up .4 million over June 1972 participation. Growth patterns experienced in recent years indicate that the rapid growth caused by liberalized benefits and expansion into areas lacking a family food program has ended. It has become apparent that further growth will be limited to that resulting from geographic expansion and increased outreach to special target groups.

(c) An increase of $58,000,000 to provide for expansion into new projects. An additional 296,000 persons are anticipated in Fiscal Year 1974 as a result of the opening of new projects, including 212 projects scheduled for the State of Texas.

(d) A decrease of $130,500,000 to reflect cash-out of food stamps brought about by the supplemental security income program. Public Law 92-603 which amends the Social Security Act, will cash-out food stamps for an estimated 1.5 million welfare recipients who are elderly, blind or disabled, effective January 1, 1974. These people will receive direct payments instead of food stamps. The amount is the estimate of the savings in bonus cost to be realized during the second half of Fiscal Year 1974.

(e) A decrease of $131,537,000 to reflect a projected gradual downturn in participation throughout Fiscal Year 1974. Vigorous enforcement of the requirement that able bodied participants register for and accept suitable employment coupled with intensified employment services and counseling offered by State employment offices will make it possible for many present participants to find employment or improve their income. This activity, in concert with improved economic conditions, reduced unemployment and management reforms to remove some ineligibles, will result in approximately 800,000 persons leaving the program by June 30, 1974. These recipients will be participating in the program for varying lengths of time throughout the year.

Analysis of
Change in Program Costs FY 1974
(Excluding Administrative Costs)

Increase stamp allotments	+$136,000,000
Annualized FY 1973 year-end participation ..	+ 69,600,000
Expansion into designated project areas	+ 58,000,000
Food Stamp cash-out per P.L. 92-603	- 130,500,000
Reduced unemployment	- 131,537,000
Net increase	+ 1,563,000

(f) An increase of $855,000 for operating expenses ($23,335,000 available in Fiscal Year 1973). The amount requested will provide for (1) the full year cost of administering 2,228 projects expected to be in operation by year-end Fiscal Year 1973, and (2) management support needed to preserve Food Stamp Program integrity and efficiency of operation. A key innovation is the Quality Control system now instituted in 41 States. This activity requires considerable travel to assist State staffs in pulling statistically valid samples of non-assistance households to verify eligibility and correctness of certification procedures.

STATUS OF PROGRAM

Current Activities:

The Food Stamp Program began on a pilot basis in 1961. After the program proved successful in granting a more equitable share of our food abundance to low-income households, the Food Stamp Act of 1964 (P.L. 88-525) was enacted August 31, 1964. This legislation provided continuing permanent authority for the program and authorized appropriations through 1967. Subsequent amendments have provided appropriation authorizations through 1973. The 1970 authorized level was increased from $340 to $610 million on November 13, 1969. On December 31, 1970, legislation was passed which authorized appropriations up to $1,750 million in 1971 and "such sums as the Congress may provide" in 1972 and 1973. Legislation will be submitted to authorize appropriations for FY 1974 and beyond.

The Food Stamp Program helps persons and families with low incomes to obtain a nutritionally adequate diet through regular retail channels. Participating households purchase more and better food with food stamps they receive than they could using their own resources. The value of the food stamps exceed that of the cash paid by participants by an amount needed to close the gap between what a household should spend on food based on the Agricultural Research Service's economy food plan and what it is able to spend, considering its other expenses, income, and financial resources. Food stamps are made available so that no household need spend more than 30 percent of its income, after adjustments, on food to maintain an adequate diet.

Bonus food stamps are the differential between the cash payment by participants and the face value of the stamps received. Very low or no-income households receive free food stamps. The free and bonus food stamps are financed completely by Federal funds and represent that portion of a family's food budget sustained by the Food Stamp Program. Food stamp projects are established in counties and other local jurisdictions at the request of State social service agencies, which assume responsibility for certifying eligible households and for issuing the stamps through suitable outlets. The Food and Nutrition Service determines various household stamp allotments and purchase requirements on the basis of family size, income and related factors. Periodic adjustments are made to reflect changes in the cost of living.

Authorized grocery stores accept the stamps as cash payment for food purchases, and forward them on to commercial banks for cash or credit at full face value. The stamps flow upward through the banking system to a Federal Reserve Bank for redemption out of a special account maintained by the U.S. Treasury Department. This special account is constituted and replenished by cash paid by participants for food stamps and the Federal contribution covering the cost of bonus and free food stamps.

States having areas wishing to enter the program file project applications with USDA and suggest timing of their entrance into the program. Each State determines the relative priority of the various projects based on requests initiated by local authorities. In designating new areas, the Secretary of Agriculture gives consideration to the following factors:

(a) the relative need of the projects requesting entrance into the program;

(b) the State's readiness to assume its administrative responsibility for the program operations;

(c) the equitable treatment of all States;

(d) the pace of expansion during the year; and

(e) the rate of expenditure for the year.

Agreements are completed with each State to determine how each designated project will carry out its responsibilities. Coupon issuance may be delegated to city or county governmental units or be provided by local banks or Federal credit unions on a contract basis with State or local agencies. In some States, the use of post offices has been introduced.

In addition to Federal operating expenses, other program costs borne by the Federal Government include:

(a) the printing and transporting of coupons to authorized State agencies,

(b) destruction of the redeemed coupons by Federal Reserve Banks,

(c) a portion of the State welfare agencies' cost of certifying nonpublic assistance households and of the State's cost of providing outreach and educational programs and fair hearings, and

(d) the cost of work registration.

Summary of Recent Progress and Trends:

Fiscal year 1972 was marked by a sharp increase in Food Stamp Program activity and workload, resulting from:

(1) The larger ongoing workload associated with 2,026 operating areas in June 1971, with progressive expansion to 2,126 areas by the end of fiscal year 1972. Participation totaled 11.7 million persons, up from 10.5 million at the end of fiscal year 1971;

(2) Implementation of new Food Stamp regulations issued on July 29, 1971, providing substantial improvements in the Food Stamp Program pursuant to the 1971 amendment to the Food Stamp Act (P.L. 91-671); and

(3) Issuance of emergency food stamps to victims of disasters, particularly those living in areas struck by hurricanes and floods.

Increased Geographic Coverage:

In line with the President's commitment to have a food assistance program available to all low-income families, there were only 6 areas without a food assistance program at the close of fiscal year 1972, down from 410 such counties in fiscal year 1970. One of the few remaining States without a Food Stamp Program -- Oklahoma -- has announced plans to enter the program in FY 1973, and nine Oklahoma counties have been designated to begin operations. The neighboring State of Texas also announced plans for Statewide Food Stamp operation by the end of December 1973.

The following table shows the expansion of the program during the year:

Food Stamp Program Expansion
Fiscal Year 1972

	Number of States 1/	Number of Areas	Participation 2/	Value of Bonus Coupons Issued
July	47	2,024	10,413,887	$142,137,696
August	47	2,010 3/	10,667,487	147,463,736
September	47	2,012	10,610,292	145,283,192
October	47	2,022	10,601,144	145,452,917
November	47	2,010 3/	11,070,158	152,756,861
December	47	2,005 3/	11,183,712	154,029,023
January	47	2,008	11,069,761	155,322,904
February	47	2,017	11,355,036	158,207,653
March	47	2,044	11,428,193	158,485,522
April	47	2,076	11,461,802	159,174,517
May	47	2,108	11,701,619	162,376,813
June	47	2,126	11,672,929	161,851,598

1/ Includes District of Columbia.
2/ Preliminary.
3/ The net decline reflects consolidation of groups of small projects into single unified projects in several States.

This expansion produced a net increase of 102 areas and raised the number of approved retailers, wholesalers and meal delivery services to a total of 168,951 -- 17,500 more than at the end of fiscal year 1971.

Program Changes:

(1) Eligibility Standards and Coupon Allotment

As required by the 1971 amendments to the Food Stamp Act, uniform national income and resource eligibility standards were established at the beginning of the 1972 fiscal year. Likewise, the total coupon allotment was adjusted upward to reflect changes in retail food prices published by the Bureau of Labor Statistics on the basis of the Agricultural Research Service's Economy Food Plan. Coupon allotments were uniformly set at the beginning of fiscal year 1972, based upon estimate of the cost of the Economy Diet in December. The allotment for a family of four went from $108 to $112 per month.

New legislation provided that no household would pay more than 30 percent of its income for its stamp allotment and that those with no income would receive their stamps free. To avoid imposing hardship on some participants the new regulations are somewhat modified so that the benefits available to each household are as high or higher than they were under the old regulations, and to "hold harmless" the maximum income eligiblity standards in those States with income standards higher than the uniform national standards established on July 29, 1971. This permits all households who previously met certain higher eligibility requirements to remain in the program.

(2) Quality Control:

The new regulations require the State agencies to provide for a quality control system (a method of continuing review on a sampling basis) to validate the accuracy of determinations of program eligibility and determine the extent to which households are paying the proper purchase requirements and receiving the coupon allotments to which they are

entitled. This includes the drawing of random samples; field investigations, including personal interviews with recipients; and corrective action to remove causes of errors. Sixteen States implemented quality control by the end of fiscal year 1972. Other States plan to implement the quality control system progressively during fiscal year 1973.

(3) Variable Purchase:

The 1971 legislation introduced the variable purchase provision which permits households to buy less than their full allotment at the time of purchase. Partial purchases are limited to three-quarters, one-half, and one-quarter of the full allotment with the purchase price adjusted accordingly. The Food Stamp regulations were structured so as to give the State agencies as much flexibility as possible in implementing this new procedure. By the end of fiscal year 1972, over two-thirds of the States had begun variable purchase and negotiations are continuing with the remaining States to achieve prompt implementation of variable purchase during the next fiscal year.

(4) Work Registration:

A major innovation resulting from new legislation was the requirement that able-bodied adults in applicant and participating households request for and accept suitable employment as a condition of eligibility. A program to assist participants in meeting the requirement was initiated by the Manpower Administration of the Department of Labor in November, 1971. Preliminary reports from about three-quarters of the Food Stamp projects indicate that 387,005 persons have been registered. Acceptance of employment or termination resulting from noncompliance have caused bonus costs to be reduced an estimated $1.7 million in FY 1972. Full year operation combined with better employment opportunities should make it possible for large numbers of current participants to find employment in fiscal years 1973 and 1974.

(5) Program Outreach

State agencies have undertaken effective outreach action to inform low-income households of the availability and benefits of the Food Stamp Program and to encourage their participation. Outreach and educational efforts are now being carried out cooperatively with other federally-funded agencies and organizations, community groups, both public and private, in Food Stamp Program areas.

(6) Nutrition Education

The Food Stamp Act of 1964 requires that all practicable efforts be made to teach participants of the Food Stamp Program how to use their increased food purchasing power wisely.

Increased public concern on the extent of hunger and malnutrition in the United States has paved the way for instituting newer and more effective means of communicating the values of nutrition to low-income citizens. Nutrition education is now an integral part of the Food Stamp Program. All Food and Nutrition Service Regional and field offices are encouraged to assist in the establishment of Nutrition Education Committees. Various State, local, and private agencies already working with low-income Food Stamp households are expanding their efforts on a voluntary and cooperative basis.

Extension Service Nutrition Aides are cooperating in our efforts to assist in establishing nationwide Nutrition Education Programs to reach those households in greatest need. Educational materials are distributed

monthly and Regional offices make nutrition specialists available to State, local and private agencies on request. A nutritional message which is changed every six months has been printed on the inside front cover of all Food Stamp coupon books.

To evaluate the effects of the campaign to inform households of the values of proper nutrition, each project area has been requested to submit a report of the nutrition activities conducted therein. Food education activities and materials in Food Stamp project areas will continue to be reported regularly through the Regional office to the Food Stamp Division. These reports are reviewed and evaluated and the most effective of these activities and materials are shared with all Regions.

(7) Meals on Wheels

In fiscal year 1972, elderly participants over 60 years of age who were physically handicapped, feeble, or could not prepare all of their meals, were permitted to use their food stamps to pay for meals delivered to their home through various volunteer activities commonly referred to as Meals-On-Wheels. There were 366 nonprofit meal delivery services in 37 States and the District of Columbia authorized to participate in June 1972. This number is expected to increase as this service becomes an integral part of the overall Food Stamp package.

Disaster Situations:

Emergency Food Stamp procedures for relief in disaster situations were invoked in 110 Food Stamp projects in nine States. These include Nueces County, Texas, struck by Hurricane Fern in the fall of 1971; areas in South Dakota struck by floods in the Spring of 1972; and east coast States affected by Hurricane Agnes. A total of $862,954 in free food stamps were provided to 45,780 disaster victims in FY 1972. Since it occurred in June, almost all of the cost of providing free stamps to victims of Hurricane Agnes will be borne in FY 1973. Preliminary reports show that over 168,000 households with 571,000 persons received free stamps valued at over $11 million to aid their recovery from this great disaster.

Retailer-Wholesaler Activities:

(1) Compliance

FNS field personnel are continuing their efforts to promote compliance among firms authorized to accept food coupons. Educational store visits are made to all authorized firms each year. Previously, it was the policy that all authorized firms received a minimum of two educational store visits per year. However, during fiscal year 1972 this policy was changed so that a firm now receives from one to three visits per year, depending on its volume of coupon business. During these visits FNS personnel review the regulations with the retailers and their employees, search for areas of misunderstanding, and emphasize the importance of strict compliance. During fiscal year 1972, 309,476 educational store visits were made.

Any indications of noncompliance with the program regulations on the part of authorized firms are followed up by FNS field personnel. The basic indicators of noncompliance are rumors and complaints of violations and excessive redemptions. Upon receipt of a rumor or a complaint of violations at a store or upon determining that redemptions of a firm are excessive, FNS personnel must make a special compliance visit to the firm to alert the retailer to the possibility of violations and caution

the retailer against violations. The visit is documented in a letter summarizing the discussion during the visit. During fiscal year 1972, 20,311 compliance visits were made, followed by letters (making a total of 329,787 store visits for the fiscal year).

If FNS personnel feel that the compliance effort with a particular firm did not have the desired effect, they request that an investigation of the firm be made. The investigation is conducted by OIG. If the investigation uncovers violations, the firm may be disqualified. During fiscal year 1972, 333 firms were disqualified on the basis of evidence obtained through investigations. The policy of issuing charge letters to retailers whose food coupon redemptions exceed their food sales over a period of time has continued. If, in reply to the charge letter, the retailer cannot show that his food sales exceeded his redemption volume, disqualification action ensues. During fiscal year 1972, 53 firms were disqualified on this basis. The total number of disqualifications this fiscal year exceeded the number for the previous fiscal year by 173.

During the fiscal year, there were 109 criminal prosecutions under the Food Stamp Act of 1964. Sentences included fines up to $5,000, periods of probation up to five years, and a six-month jail sentence. There were only 39 criminal prosecutions during fiscal year 1971.

Efforts to achieve voluntary compliance by the retail trade community are continuing to be expanded. Several new posters have been developed for use in stores, and two major training pamphlets--a new cashier's training manual and a revised and expanded Retailer-Wholesaler guide--were drafted for issuance in fiscal year 1973.

(2) Automated Redemption Certificate Program

Authorized retailers are required to use a redemption certificate when presenting food coupons for redemption. The redemption certificate provides FNS with statistics on how much each authorized store redeems. Previously, these certificates were sent from banks that had accepted them along with food coupons from the retailers to the FNS field offices for manual processing by field office personnel. In March, 1972, conversion from the manual handling of redemption certificates to an automated program was completed on a national basis bringing all 166,369 authorized retailers into the automation program. The automated system relieves field personnel of the enormous job of handling these certificates and provides monthly reports to each FNS field office reflecting redemption data for all stores. The automated system also identifies excessive redeemers who are potential violators.

When the automation program was first inaugurated, the information on all redemption certificates had to be keypunched. However, during the past fiscal year, a redemption certificate that can be scanned has been successfully put into use on a national basis. This has resulted in significant cost savings compared to the cost of the automation program prior to the use of the scannable redemption certificate. The number of certificates submitted by all authorized stores has been averaging approximately 1,000,000 certificates per month.

(3) No Cash Change

In the July 22, 1971, conference report on the Agriculture Appropriations bill for 1972, Senate and House conferees stated that, "...the Food Stamp Act makes no provision for providing cash as change in coupon transactions...". Consequently, in the Federal Register of September 10, 1971, the Department published for public comment a notice of proposed

rulemaking setting forth proposals to amend the Food Stamp Program Regulations to prohibit the return of cash as change in food coupon transactions. After review of responses, the amendment was implemented effective March 1, 1972.

(4) Exhibits

FNS personnel manned the Food Stamp Program Exhibit at two major national retail trade conventions (Super Market Institute and National Association of Retail Grocers of the United States).

Civil Rights:

Aggressive leadership with respect to the effective implementation of Title VI of the Civil Rights Act also had an impact on program workload. During fiscal year 1972, a total of 25 complaints were deemed to be within the purview of Title VI. Of these, 13 were received during the year and 12 had been held pending from the previous year. Ten of the complaints were formally investigated by the Office of the Inspector General (OIG). Inquiries into 14 were conducted by FNS personnel.

One complaint was awaiting OIG's decision on handling at the close of the fiscal year, 18 of the complaints had been closed. The complaints for the most part were found to be the result of misunderstanding of the aims and procedures of the program with respect to such things as purchase requirements. Some concerned discourteous caseworkers, and the quality of service in issuance offices. In those cases involving misunderstandings, prompt contact with the complainants, coupled with careful explanations of the program and sympathetic handling of their problems, resulted in expeditious processing of the complaints. Cases involving discourtesy and quality of service were given priority attention by the Regional offices who contacted the State for corrective action. State agency cooperation enabled us to remedy and/or (if the quality of service was at issue) to improve the complaint causing situations.

In addition to complaints handled, a total of 19 "Sensitive Matters" were noted. These are not outright complaints of racial discrimination, but matters coming to our attention which might develop into complaints. Some are program matters (certification, issuance, etc.) referred to Civil Rights staff.

Security of Cash and Coupons:

For the second year in a row, losses due to the theft of food coupons from issuing offices represented only .01 percent of the total value of coupons issued. Our efforts during fiscal year 1973 will be redoubled to try to reduce to zero the value of coupon and cash losses.

Efficiencies of Operation:

(1) Household Size Booklets

Four new coupon book types were introduced, representing the monthly coupon allotment for one-, two-, three-, and four-person households, which constitute the majority of participants. Tested in eleven project areas, the new household size booklets significantly reduced the workload in stuffing envelopes and reconciliation by replacing several coupon books with a single book. The new booklets reduced State agency time and costs and

FNS shipping and manufacturing costs. They were well received by recipients and grocers. Based on their success in the pilot areas, household size books were adopted on a permanent basis. During the next fiscal year, the household size books, adjusted according to the allotment sizes effective July 1, 1972, will be available to any State or local agency.

(2) Redemption of Coupons by Commercial Banks:

A new instruction, FNS(FS) 728-2, "Guidelines for Redemption of Coupons by Commercial Banks", was issued updating procedures for commercial banks to reflect changes which have taken place in coupon redemption. Among the changes are procedures for the new automated redemption certificate program, limitation of FNS liability for coupons lost in transit, procedures for reporting recoveries of stolen coupons or coupons reported as lost in transit, and clarification of Postal Service Regulations relating to the shipment of cancelled coupons by fourth-class mail.

(3) Post Office Issuance:

In October, 1971, 33 post offices in Seattle began issuing food coupons. Post office issuance proved so popular and convenient for Food Stamp recipients and so advantageous for both the Postal Service and the State and local agency that service rapidly expanded, first throughout the State of Washington and then to other States in the Western Region. By the end of the fiscal year, close to 250 post offices were issuing coupons in nine States from Alaska to South Carolina, and many other States were in various stages of negotiations. Although actual negotiations and contracts are between the Regional Postmasters General and the State agencies, talks have continued at the national level to resolve occasional policy differences and to develop simplified procedures which will facilitate post office issuance and help make it available to still more project areas and eventually nationwide.

Reorganization of Field Offices:

The major reorganization of field offices accomplished during fiscal year 1971 established the intermediate supervisory level of District Managers and the consolidation of a number of field offices. During fiscal year 1972, to accommodate program expansion, additional changes were made by establishing another District Manager Office and several additional field offices. Existing field offices underwent selective staffing increases. Evaluations made by Regional officers, after one year's operation under the original plan of reorganization, produced further realignment of field structure to provide more even distribution of workload within a given field office. Experience to date indicates this arrangement satisfactorily meets administrative requirements.

Food Stamp Program
Fiscal Year 1972

State	Areas in Operation 6-30-72	June 1972 Participation	Value of Purchased Coupons F.Y. 1972	Value of Bonus Coupons F.Y. 1972	Total Value of Coupons Issued F.Y. 1972	Percent Bonus of Total	Monthly Average Bonus Per Person
Alabama	22	196,763	$ 17,258,258	$ 40,602,396	$ 57,860,654	70	$16.45
Alaska	1	24,288	1,349,809	7,246,631	8,596,440	84	27.54
Arizona	13	22,372	1,753,731	2,875,121	4,628,852	62	14.14
Arkansas	15	200,217	19,392,195	39,129,723	58,521,918	67	16.52
California	36	1,385,857	213,915,913	218,889,880	432,805,793	51	12.63
Colorado	56	123,260	15,169,452	21,530,734	36,700,186	59	14.35
Connecticut	8	132,034	21,484,722	18,191,155	39,675,877	46	10.50
District of Columbia	1	110,903	14,096,882	17,643,819	31,740,701	56	14.32
Florida	61	451,099	17,200,369	47,372,931	64,473,300	73	17.54
Georgia	123	281,253	29,887,018	45,827,780	75,714,798	61	14.33
Hawaii	4	39,241	7,062,903	6,823,654	13,886,557	49	14.15
Idaho	17	12,755	1,603,866	2,363,722	3,967,588	60	14.84
Illinois	102	712,368	111,964,214	99,309,830	211,274,044	47	11.42
Indiana	36	162,254	18,017,932	31,907,546	49,925,478	64	14.44
Iowa	99	107,030	13,836,872	19,226,359	33,063,231	58	14.23
Kansas	86	25,277	3,691,462	3,582,449	7,273,911	49	12.23
Kentucky	74	299,620	25,377,282	63,893,441	89,270,723	72	17.76
Louisiana	64	477,707	37,098,628	93,501,133	130,599,761	72	17.37
Maine	1	10,837	1,530,215	2,106,740	3,636,955	58	13.60
Maryland	24	225,150	25,151,085	41,967,273	67,118,358	63	15.37
Massachusetts	5	23,427	3,907,331	2,374,683	6,282,014	38	8.44
Michigan	72	580,711	81,713,701	78,592,968	160,356,669	49	11.32
Minnesota	69	144,568	23,189,360	22,107,266	45,296,626	49	11.38
Mississippi	65	330,337	23,838,141	64,110,053	87,948,194	73	17.08
Missouri	12	173,837	15,777,293	30,841,862	46,619,155	66	16.04
Montana	50	27,914	3,386,679	5,540,393	8,927,072	62	14.82
Nebraska	87	41,766	6,509,884	8,699,202	15,209,086	57	13.66
New Jersey	21	327,934	55,044,624	38,854,951	93,899,575	41	9.89
New Mexico	26	123,650	10,440,471	27,912,877	38,353,348	73	17.66
New York	63	1,325,215	249,313,608	128,591,015	377,904,623	34	8.32
North Carolina	56	206,543	17,169,489	36,392,945	53,562,434	68	16.41
North Dakota	47	20,551	2,119,728	3,831,654	5,951,382	64	15.13
Ohio	88	688,803	75,855,772	117,233,495	193,089,267	61	14.55
Oregon	11	95,598	9,586,883	15,871,805	25,458,688	62	14.09
Pennsylvania	65	644,033	104,557,222	79,274,341	183,831,563	43	10.43
Rhode Island	2	73,267	11,406,488	8,762,083	20,168,571	43	10.13
South Carolina	46	367,321	21,732,585	70,844,461	92,577,046	77	17.89
South Dakota	60	41,764	3,515,058	5,742,647	9,257,705	62	15.21
Tennessee	87	310,175	28,075,421	62,848,463	90,923,884	69	16.79
Texas	28	279,266	21,125,766	58,887,252	80,013,018	74	17.29
Utah	8	49,333	6,023,749	7,201,543	13,225,292	54	12.35
Vermont	12	32,579	4,657,669	3,938,771	8,596,440	46	10.68
Virginia	15	160,061	19,559,519	27,720,901	47,280,420	59	14.02
Washington	39	228,190	33,438,083	43,599,244	77,037,327	57	14.08
West Virginia	55	254,633	19,573,926	51,842,652	71,416,578	73	16.28
Wisconsin	45	105,002	14,090,479	15,005,164	29,095,643	52	12.20
Wyoming	23	11,166	1,278,899	2,027,424	3,306,323	61	14.56

LANGUAGE CHANGES

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OFFICE OF THE SECRETARY

The 1974 estimates include the new change in appropriation language explained below. New language is underscored.

Rural Development Grants and Technical Assistance

For grants and technical assistance authorized by the Rural Development Act of 1972 (Public Law 92-419), in addition to funds otherwise provided for such assistance, $20,000,000.

This change provides language to fund the authorization contained in the Rural Development Act relating to grants for community facilities and environmental quality cost-sharing and technical assistance. The justifications for these new programs is found on page 35 of Volume 1 of these Explanatory Notes.

AGRICULTURAL RESEARCH SERVICE

The 1974 Budget estimates include the proposed changes in appropriation language explained below. New language is underscored and deleted matter is enclosed in brackets.

Agricultural Research Service

* * * [Provided further, That $3,460,000 of this appropriation shall remain available until expended for plans, construction and improvement of facilities without regard to the foregoing limitations:] Provided further, That the foregoing limitations shall not apply to replacement of buildings needed to carry out the Act of April 24, 1948 (21 U.S.C.[113a).] 113a): Provided further, That $1,130,000 of this appropriation shall remain available until expended for special bicentennial improvements at the National Arboretum, * * *

The first change would delete language contained in the 1973 Appropriation Act which provides that $3,460,000 shall remain available until expended for plans, construction and improvement of facilities. No funds are proposed in the 1974 Budget estimates for this purpose: Therefore, the language is not required.

The second change would authorize that of the total amount appropriated $1,130,000 shall remain available until expended for necessary landscaping, road changes, plantings, and other improvements at the National Arboretum as part of the Bicentennial plans for the Washington area. It is essential that initial plans for implementing these improvements be initiated during fiscal year 1974. Road improvements and plantings will occur in 1975 and the Bicentennial year.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The 1974 Budget Estimates include the proposed changes in appropriation language listed and explained below. New language is underscored and deleted matter is enclosed in brackets.

Animal and Plant Health Inspection Service

For expenses, not otherwise provided for, including those pursuant to the Act of February 28, 1947, as amended (21 U.S.C. 114b-c) necessary to prevent, control, and eradicate pests and plant and animal diseases; to carry out inspection, quarantine and regulatory activities; to carry on services related to consumer protection; and to protect the environment, as authorized by law, [$289,304,000] $336,171,000**** and [$19,000,000] $49,000,000 shall be for repayment to the Commity Credit Corporation of advances (and interest thereon) made in accordance with authorities contained in the provisions of the appropriation [item] items for the Agricultural Research Service in the Agriculture-Environmental and Consumer Protection Appropriation Act, 1972, and for the Animal and Plant Health Inspection Service in the Agriculture-Environmental and Consumer Protection Appropriation Act 1973: Provided, That [$2,000,000] $1,000,000 of the funds for control of the fire ant shall be placed in reserve for matching purposes with States which may come into the program:**** That this appropriation shall be available for the operation and maintenance of aircraft and the purchase of not to exceed [two for replacement only] four, of which two shall be for replacement only, and for acquisition without cost of not to exceed 67 aircraft to be obtained by transfer:****or 15 per centum of the cost of the building, whichever is greater [Provided further, That $880,000 shall remain available until expended for plans, construction, and improvement of facilities, without regard to limitations contained herein]****

The first and second changes modify existing authority for repayment to the Commodity Credit Corporation of advances (and interest thereon) to provide sufficient repayment authority for advances made during fiscal years 1972 and 1973 to combat emergency situations caused by the existence of exotic Newcastle disease in this country and by the rapid spread of hog cholera into States previously free of the disease. Any explanation of the funds requested is found in Vol. 1, page 142 of these Explanatory Notes. The first change also updates the reference to the authority under which the advances were made.

The third change would reduce the amount placed in reserve for grants to States for matching agreements. Based on experience we have determined that a smaller reserve will serve the purpose.

The fourth change proposes authority to purchase two additional aircraft, and to acquire without cost 67 aircraft to be obtained by transfer from surplus. The additions are required to carry out the new joint U.S.-Mexico screwworm eradication program. These aircraft will be used for distribution of sterile screwworm flies in order to eradicate the screwworm in Northern Mexico and establish a new barrier zone at the Isthmus of Tehuantepec. For an explanation of the fund requirements see Vol. 1, page 170, of these Explanatory Notes.

The fifth change would delete funds provided in the 1973 Appropriation Act for the nonrecurring cost of planning the Fleming Key Animal Import Center and a Veterinary Biologics Laboratory.

COOPERATIVE STATE RESEARCH SERVICE

The 1974 Budget Estimates include the proposed changes in appropriation language listed and explained below. The new language is underscored and deleted matter is enclosed in brackets.

Cooperative State Research Service

For payments to agricultural experiment stations, *** to carry into effect the provisions of the Hatch Act, approved March 2, 1887, as amended by the Act approved August 11, 1955 (7 U.S.C. 361a-361i), and further amended by P.L. 92-318 approved June 23, 1972, including administration by the United States Department of Agriculture, and penalty mail costs of agricultural experiment stations under section 6 of the Hatch Act of 1887, as amended;***for grants for cooperative forestry research under the Act approved October 10, 1962 (16 U.S.C. 582a-582a-7), as amended by P.L. 92-318 approved June 23, 1972; *** for contracts and grants for scientific research under the Act of August 4, 1965 (7 U.S.C. 450i); [, of which $1,900,000 shall be for the special cotton research program, $400,000 for soybean research and $2,000,000 shall be placed in reserve pending determination of qualified and necessary projects; $264,000 for penalty mail costs of agricultural experiment stations under section 6 of the Hatch Act of 1887, as amended] $2,500,000 for Rural Development Research as authorized under the Rural Development Act of 1972 (P.L. 92-419), including administrative expenses ***

The first and third changes would include Guam and the Virgin Islands pursuant to Section 506 of Public Law 92-318, "Education Amendments of 1972", which confers Land-Grant Status on the College of the Virgin Islands and on the University of Guam.

The second and sixth changes merge the language for the Penalty Mail costs with payments to agricultural experiment stations under the Hatch Act and eliminate the separate limitation for this item. This change will provide greater flexibility in meeting penalty mail costs, and avoid the need for supplemental funding when such costs exceed the amount estimated when the budget is prepared. The proposed language will allow the Agency to make the adjustment within the total provided for this purpose and for Hatch Act funds. Estimated penalty mail cost in this budget will be deducted from total Hatch Act appropriations prior to allocation of funds by formula. Any adjustment in costs for penalty mail which may occur during the Fiscal year will be made by adjusting pro rata the final fiscal year payments to states.

The fourth change would delete language contained in the 1973 Appropriation Act which provides that $1,900,000 shall be for the special cotton research program, $400,000 for soybean research. No funds are requested for this research in 1974.

The fifth change would delete language contained in the 1973 Appropriation Act which provides that $2,000,000 shall be placed in reserve pending determination of qualified and necessary projects. It is anticipated that qualified and necessary projects will be approved in fiscal year 1973 and that these funds will be released from reserve. A sufficient number of qualified and necessary projects are anticipated in 1974 for funding at the level requested.

The seventh change would provide funds to conduct research in support of selected pilot development programs for rural areas as authorized under the Rural Development Act of 1972.

EXTENSION SERVICE

The 1974 Budget Estimates include the proposed changes in appropriation language listed and explained below. New language is underscored and deleted matter is enclosed in brackets.

Extension Service

Payments to States /and/, Puerto Rico, Guam and the Virgin Islands: For payments for cooperative agricultural extension work under the Smith-Lever Act, as amended by the Act of June 26, 1953, the Act of August 11, 1955, /and/ the Act of October 5, 1962 (7 U.S.C. 341-349), and section 506 of the Act of June 23, 1972, to be distributed under sections 3(b) and 3(c) of the Act, /and/ for retirement and employees' compensation costs for extension agents, /$120,858,000/ and for costs of penalty mail for cooperative extension agents and State extension directors, $132,675,000; payments for the nutrition and family education program for low-income areas under section 3(d) of the Act, /$50,560,000/ $47,360,000; payments for extension work by the colleges receiving the benefits of the second Morrill Act (7 U.S.C. 321-326, 328) and Tuskegee Institute under section 3(d) of the Act, $6,000,000, of which $2,000,000 shall be placed in reserve pending determination of the availability of qualified personnel; payments for rural development work under section 3(d) of the Act, /$2,000,000/ $1,000,000; payments for the pest management program under section 3(d) of the Act, $500,000; payments and contracts for such work under section 204(b)-205 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623-1624), $1,450,000; and payments for extension work under section 109 of the District of Columbia Public Education Act, as /amended by the Act of June 20, 1968 (7 U.S.C. 329)/ added by the Act of June 20, 1968, and amended by the Act of January 5, 1971 (D.C. Code 31-1609), $800,000, and $2,500,000 for Rural Development Education as authorized under the Rural Development Act of 1972 (Public Law 92-419); in all, /$182,168,000/ $192,285,000: Provided further, That funds hereby appropriated pursuant to section 3(c) of the Act of June 26, 1953, and section 506 of the Act of June 23, 1972, shall not be paid to any State /or/, Puerto Rico, Guam and the Virgin Islands prior to availability of an equal sum from non-Federal sources for expenditure during the current fiscal year.

/Penalty Mail: For costs of penalty mail for cooperative extension agents and State extension directors, $7,617,000./

Federal administration and coordination: For administration of the Smith-Lever Act, as amended by the Act of June 26, 1953, the Act of August 11, 1955, /and/ the Act of October 5, 1962 (7 U.S.C. 341-349), and section 506 of the Act of June 23, 1972, and extension aspects of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), /and of/ the District of Columbia Public Education Act, as /amended by the Act of June 20, 1968 (7 U.S.C. 329)/ added by the Act of June 20, 1968, and amended by the Act of January 5, 1971 (D.C. Code 31-1609), and the Rural Development Act of 1972 (Public Law 92-419) and to coordinate and provide program leadership for the extension work of the Department and the several States and insular posessions, $4,546,000 : Provided, That not to exceed $15,000 shall be available for employment under 5 U.S.C 3109.

The first change proposed is to delete the subappropriation title "Payments to States and Puerto Rico" and substitute "Payments to States, Puerto Rico, Guam and the Virgin Islands" to indicate the availability of these funds for payments to Guam and the Virgin Islands as required by the Act of June 23, 1972.

The second, seventh and tenth changes cite the authorizing legislation designating the College of the Virgin Islands and the University of Guam as land-grant colleges.

The third and ninth changes merge the language for the Penalty Mail costs with Payments to States, Puerto Rico, Guam and the Virgin Islands, and elimates the separate limitation for this item. This change will provide greater flexibility to the Extension Service in meeting penalty mail costs, and avoid the need for supplemental funding when such costs exceed the amount estimated when the budget is prepared. Penalty mail costs are directly related to the volume of mailings of State Extension Directors and Cooperative Extension Agents and to increases in postage costs and are therefore subject to change. In the past it has been necessary to request supplemental appropriations or transfers from funds for other purposes. The proposed language will allow the agency to make the adjustment within the total provided for this purpose and for Smith-Lever funds **in the same manner as the retirement costs of State extension directors are currently handled.**

The fourth and eleventh changes delete "amended by the Act of June 20, 1968 (7 U.S.C. 329)" and inserts "added by the Act of June 20, 1968 and amended by the Act of January 5, 1971 (D.C. Code 31-1609)." This reference includes legislation authorizing the establishment of the Washington Technical Institute as a land-grant college.

The fifth and twelfth changes would authorize the request of funds to conduct pilot extension educational activities in support of the development of rural areas as authorized under the Rural Development Act of 1972.

The sixth change is proposed to distinctly set out matching provisions of section 3(c) of the Act of June 26, 1953 and section 506 of the Act of June 23, 1972.

The eighth change would include Guam and the Virgin Islands under the matching requirements of section 3(c).

The thirteenth change is to provide authorization to employ consultants at a rate in excess of the initial setp of a GS-15. This will allow the Extension Service to obtain highly qualified technical expertise at national and regional training workshops and conferences.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The 1974 Budget Estimates include a proposed deletion in appropriation language as follows:

Dairy and Beekeeper Indemnity Programs

[For necessary expenses involved in making payments to dairy farmers and manufacturers of dairy products who have been directed to remove their milk or milk products from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government, and to beekeepers who through no fault of their own have suffered losses as a result of the use of economic poisons which had been registered and approved for use by the Federal Government, $3,500,000, to remain available until expended: Provided, That none of the funds contained in this Act shall be used to make indemnity payments to any farmer whose milk was removed from commercial markets as a result of his willful failure to follow procedures prescribed by the Federal Government.]

The estimates propose the deletion of the above language since the authorization for making indemnity payments to dairy farmers and to manufacturers of dairy products expires June 30, 1973, and the authorization for making indemnity payments to beekeepers expires December 31, 1973.

The estimated available balance June 30, 1973, of $2,500,000 appears sufficient to pay the anticipated claims from beekeepers filed by December 31, 1973.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The 1974 budget estimates include the proposed changes in appropriation language listed and explained below. New language is underscored and deleted matter is enclosed in brackets.

Rural Environmental Assistance Program

For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), and 17 of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended (16 U.S.C. 590g-590o, 590p(a), and 590q), including not to exceed $15,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States, [$195,500,000] $15,000,000, to remain available until December 31 of the next succeeding fiscal year for compliance with the programs of soil-building and soil- and water-conserving practices authorized under this head in [the Department of Agriculture and Related Agencies Appropriation Act, 1971 and] the [Act] Acts making Appropriations for Agriculture-Environmental and Consumer Protection Programs, 1972 and 1973, carried out during the period July 1 [1970] 1971, to December 31, [1972] 1973, inclusive: Provided, That none of the funds herein appropriated shall be used to pay the salaries or expenses of any regional information employees or any State information employees, but this shall not preclude the answering of inquiries or supplying of information at the county level to individual farmers: Provided further, That no portion of [the funds for the current year's program] this appropriation may be utilized to provide financial or technical assistance for drainage on wetlands now designated as Wetland Types 3(III), 4(IV), and 5(V) in United States Department of the Interior, Fish and Wildlife Circular 39, Wetlands of the United States, 1956: [Provided further, That necessary amounts shall be available for administrative expenses in connection with the formulation and administration of the 1973 program of soil-building and soil- and water-conserving practices, including related wildlife conserving practices and pollution abatement practices, under the Act of February 29, 1936, as amended (amounting to $225,500,000, excluding administration, except that no participant shall receive more than $2,500, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community): Provided further, That not to exceed 5 per centum of the allocation for the current year's program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the Rural Environmental Assistance program in the participating counties, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such counties, and in addition, on the recommendation of such county committee and approval of the State committee, not to exceed 1 per centum may be made available to any other Federal, State, or local public agency for the same purpose and under the same conditions: Provided further, That for the current year's program $2,500,000 shall be available for technical assistance in formulating and carrying out rural environmental practices: Provided further, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other farming material, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out farming practices approved by the Secretary under programs provided for herein:] * * * * * * *

The first change decreases the appropriation to $15,000,000 the amount estimated to be required to liquidate the agreements made under the 1973 program.

The second change deletes reference to the 1971 appropriation act.

The third through fifth changes updates references to years involved.

The sixth change deletes reference to current year's program and adds the words "this appropriation" as this proviso will apply only to funds provided under this head since no subsequent program is being proposed.

The seventh change would delete the forward authorization and related provisos for fiscal year 1974. Since funding for the 1973 program has been discontinued, technical assistance by Soil Conservation Service has been reduced to the level of support necessary but not in excess of 5% of the program.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The 1974 Budget includes a proposed deletion in appropriation language as follows:

Water Bank Act Program

[For necessary expenses to carry into effect the provisions of the Water Bank Act (16 U.S.C. 1301-1311), $10,000,000, to remain available until expended.]

This estimate proposes the deletion of the above language since no new agreements are being accepted after the 1972 program.

The 1973 program was discontinued on December 22, 1972. No 1974 program is proposed in the budget.

RURAL ELECTRIFICATION ADMINISTRATION

The 1974 Budget estimates include the proposed changes in appropriation language explained below. Deleted matter is enclosed in brackets and new language is underscored.

[To carry into effect the provisions of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901-924; Public Law 92-12), as follows:]

[Loan Authorizations]

[For loans in accordance with said Act, and for carrying out the provisions of section 7 thereof, to be borrowed from the Secretary of the Treasury in accordance with the provisions of section 3(a) of said Act, and to remain available without fiscal year limitation in accordance with section 3(e) of said Act, as follows: rural electrification program, $595,000,000, which shall include $107,000,000 available but unused in 1972, and rural telephone program, $145,000,000.]

This change eliminates the heading and appropriation language for loan authorizations under the provisions of the Rural Electrification Act of 1936, as amended. Direct loans from funds borrowed from the Secretary of the Treasury were discontinued on January 1, 1973, in favor of insured and guaranteed loans under authority of the Consolidated Farm and Rural Development Act, as amended (86 Stat. 657-667). The financing for these loans is provided in the Rural Development Insurance Fund reflected in the budget for the Farmers Home Administration. This program change permits considerably higher loan levels than would otherwise be possible since private lenders will be providing the credit thereby substantially reducing the outlay impact on Federal funds.

Salaries and Expenses

For administrative expenses, to carry out the provisions of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901-950(b)), and the Consolidated Farm and Rural Development Act, as amended, (86 Stat. 657-667), relating to electrification and telephone loans, including not to exceed $500 for financial and credit reports, funds for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $150,000 for employment under 5 U.S.C. 3109, $16,720,000.

This change adds language to provide for carrying out the provisions of the Rural Electrification Act of 1936, as amended, since this language was eliminated from the heading over "Loan Authorizations," and the provisions of the Consolidated Farm and Rural Development Act, as amended, relating to electrification and telephone loans.

FARMERS HOME ADMINISTRATION

The 1974 Budget Estimates include the proposed changes in appropriation language listed and explained below. New language is underscored and deleted matter is enclosed in brackets.

Direct Loan Account

> [Direct loans and advances under subtitle B and advances under section 335(a), for which funds are not otherwise available, of the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1921), as amended, may be made from funds available in the Farmers Home Administration direct loan account for operating loans in the amount of $350,000,000, to remain available until expended, pursuant to section 338(c) of the above Act, and, for advances under section 335(a), in such amounts as are found necessary thereunder.]

This change deletes the language contained in the Agriculture-Environmental and Consumer Protection programs. Appropriation, 1973, P.L. 92-399, approved August 22, 1972.

Section 115(b) of P.L. 92-419, approved August 30, 1972, abolished the Farmers Home Administration Direct Loan Account and transferred the assets, liabilities and authorizations of the account to the Agricultural Credit Insurance Fund.

Rural Development Insurance Fund

> For loans to be insured, or made to be sold and insured, under this Fund in accordance with and subject to the provisions of 7 U.S.C. 1928 and 86 Stat. 661-664, as follows: water facility loans, $345,000,000; rural electrification and telephone loans, $758,000,000; industrial development loans, $200,000,000; and community facility loans, $100,000,000.

The proposed language reflects the estimated program levels for loans: Principally for water facilities; for rural electrification and telephone projects; for industrial development; and, for community facilities.

The Rural Development Act of 1972, approved August 30, 1972, created the Rural Development Insurance Fund and transferred the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities to the newly created Fund, and, further, provides authority for industrial development and community facilities loans.

Payment of Participation Sales Insufficiencies

> For payment to the Government National Mortgage Association, as trustee, such insufficiencies as may be required by the trustee on account of outstanding beneficial interests or participations authorized by Title II, Public Law 90-113, issued pursuant to section 302(c) of the Federal National Mortgage Association Charter Act, as amended (12 U.S.C. 1717(c)), such sums as may be necessary, to be available without fiscal year limitations.

The proposed language provides an indefinite appropriation to the Farmers Home Administration for any insufficiencies arising in FY 1974 as well as in future years relating to the sale of participation certificates in FHA direct loans authorized in the Department of Agriculture and Related Agencies Appropriation Act, 1968. The exact amount of the insufficiency cannot be determined until the end of each fiscal year. An estimated amount of $1,476 thousand for insufficiencies is projected for FY 1974.

Agricultural Credit Insurance Fund

For an additional amount to reimburse the agricultural credit insurance fund for losses sustained in prior years, but not previously reimbursed, in carrying out the provisions of the Consolidated [Farmers Home Administration] Farm and Rural Development Act [of 1961], as amended (7 U.S.C. 1988(a)), $74,554,000.

[For loans to] Loans may be insured, or made to be sold and insured, under this Fund in accordance with and subject to the provisions of 7 U.S.C. 1928-1929, as follows: real estate loans, $370,000,000, including not less than $350,000,000 for farm ownership loans; [water and waste disposal loans, $300,000,000] operating loans; such sums as may be necessary; and emergency loans [in amounts necessary to meet the needs resulting from natural disasters;] not to exceed $100,000,000.

The first change conforms the title of the authorizing legislation to the new title assigned to it by Public Law 92-419, approved August 30, 1972.

The second change is for the purpose of citing the language as it appears in the authorizing legislation.

The third change deletes the language and amount provisions for water and waste disposal loans. P.L. 92-419 transferred this loan activity to the newly created Rural Development Insurance Fund.

The fourth change adds operating loans as one of the kinds of loans that may be insured, or made to be sold and insured, under the Fund. Section 115(b) of P.L. 92-419 abolished the FHA direct loan account and transferred the assets, liabilities, and authorizations of the account, including operating loans, to the Agricultural Credit Insurance Fund. Section 123 of P.L. 92-419 authorized insured operating loans. There is no limitation on the total amount of insured operating loans which may be made during FY 1974.

The fifth change sets a limit on the amount of emergency loans that may be made in fiscal year 1974 without specific prior Congressional approval.

Rural Water and Waste Disposal Grants

[For grants pursuant to sections 306(a)(2) and 306(a)(6) of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926), $150,000,000, to remain available until expended, pursuant to section 306(d) of the above Act, of which $58,000,000 shall be derived from the unexpended balance of amounts appropriated under this head in the fiscal year 1972, largely to meet the expanding need for areas not now covered: Provided, That this appropriation shall be available only within the limits of amounts authorized by law for fiscal year 1973.]

This change deletes the language contained in the Agriculture-Environmental and Consumer Protection programs. Appropriation, 1973, P.L. 92-399, approved August 22, 1972. This program was among those selected for termination, reduction, or reform after a review of Federal programs to identify those that were of relatively low priority. As a result of this review, and as a result of credit and grant assistance made available under the new authorities provided in the clean water bill and revenue sharing, this program was terminated effective January 8, 1973.

Rural Housing for Domestic Farm Labor

[For financial assistance to public nonprofit organizations for housing for domestic farm labor, pursuant to section 516 of the Housing Act of 1949, as amended (42 U.S.C. 1486), $3,750,000, to remain available until expended.]

This change deletes the language contained in the Agriculture-Environmental and Consumer Protection programs. Appropriation, 1973, approved August 22, 1972. Acceptance of new applications under this program is being discontinued for 18 months effective January 8, 1973, pending completion of a thorough evaluation of federally subsidized housing programs. Therefore no appropriation is requested for FY 1974.

Salaries and Expenses

For necessary expenses of the Farmers Home Administration not otherwise provided for, in administering the programs authorized by the Consoli-
1 dated /Farmers Home Administration/ Farm and Rural Development Act /of 1961/ (7 U.S.C. 1921-1991, 86 Stat. 657-667), as amended; title V of
2 the Housing Act of 1949, as amended (42 U.S.C. 1471-/1490c, 83 Stat. 399/ 1490d); the Rural Rehabilitation Corporation Trust Liquidation Act,
3 approved May 3, 1950 (40 U.S.C. 440-444), for administering the loan program authorized by title IIIA of the Economic Opportunity Act of 1964 (Public Law 88-452, approved August 20, 1964), as amended, and for carrying out the responsibilities of the Secretary of Agriculture under sections 235 and 236 of the National Housing Act, as amended *** as
4 authorized by section 309(e) of the Consolidated /Farmers Home Administration/ Farm and Rural Development Act /of 1961/, as amended, and sections 514(b)(3) and 517(i) of the Housing Act of 1949, as amended: ***

The first and fourth changes conforms the title of the authorizing legislation to the new title assigned to it by Public Law 92-419, approved August 30, 1972.

The second change brings up-to-date the U.S. Code citations.

The third change provides authority for the servicing of Economic Opportunity loans. This activity was performed in prior years through delegation of authority and was on a reimbursable basis.

SOIL CONSERVATION SERVICE

The 1974 Budget Estimates include proposed changes in appropriation language as follows, (new language underscored; deleted matter enclosed in bracket):

Conservation Operations

For necessary expenses for carrying out the provisions of the Act of April 27, 1935 **** purchase and erection or alteration of permanent buildings; and operation and maintenance of aircraft; and for necessary expenses for carrying out responsibilities under section 302 of the Rural Development Act of 1972 (Public Law 92-419), approved August 30, 1972, to remain available until expended, ****.

This change makes the appropriation available for necessary expenses to carry out a land inventory and monitoring program authorized under section 302 of the Rural Development Act of 1972.

Watershed and Flood Prevention Operations

For necessary expenses to carry out preventive measures, including but not limited to research, engineering operations, methods of cultivation, the growing of vegetation, and changes in use of land, in accordance with the Watershed Protection and Flood Prevention Act, approved August 4, 1954, as amended (16 U.S.C. 1001-1005, 1007-1008), the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and in accordance with the provisions of laws relating to the activities of the Department, to remain available until expended, [$133,549,500] $ 84,847,000 (of which [$27,374,000] $20,125,000 shall be available for the watersheds authorized under the Flood Control Act, approved June 22,
1&2 1936 (33 U.S.C. 701, [709,] 16 U.S.C. 1006a), as amended and supplemented)], with which shall be merged the unexpended balances of funds heretofore appropriated or transferred to the Department for watershed protection and flood prevention purposes]: Provided, that this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $200,000 shall be available for employment under 5 U.S.C. 3109:
3 Provided further, That [$20,400,000 of the funds in the direct loan account of the Farmers Home Administration shall be available until expended for loans.] $20,400,000 in loans may be insured, or made to be sold and insured, under the Agricultural Credit Insurance Fund of the Farmers Home Administration (86 Stat. 663).
4 [For an additional amount for "Watershed and flood prevention operations" for emergency measures for runoff retardation and soil-erosion prevention, as provided by section 216 of the Flood Control Act of 1950 (33 U.S.C. 701b-1), $16,500,000, to remain available until expended: Provided, That personnel hired or funds expended hereunder shall not be charged to any personnel ceiling or monetary limitation heretofore or hereafter imposed.]

The first change deletes a U.S. Code reference not applicable to the Department of Agriculture.

The second change deletes language which is no longer needed. No funds are remaining which are referred to by the phrase, "with which shall be merged the unexpended balances of funds heretofore appropriated or transferred to the Department for watershed protection and flood prevention purposes." All Watershed and Flood Prevention Operations funds are now appropriated to"**** remain available until expended."

The third change provides for insured loans to be made, or to be made to be sold and insured, under the Agricultural Credit Insurance Fund of the Farmers Home Administration. The language authorizing loans from the direct loan account of the Farmers Home Administration is eliminated as no longer needed.

The fourth change would delete language pertaining to the nonrecurring supplemental appropriation for emergency measures under Public Law 92-607. This supplemental appropriation was provided in fiscal year 1973 for emergency work to repair damage caused by the two floods in June 1972 in the several Eastern states and the Rapid City area of South Dakota and for similar conditions which may have occurred elsewhere.

Resource Conservation and Development

For necessary expenses in planning and carrying out projects for resource conservation and development, and for sound land use, pursuant to the provisions of section 32(e) of title III of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1011; 76 Stat. 607), and the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), [$26,600,000]$8,217,000 to remain available until expended: Provided, That [$3,600,000 of the funds available in the direct loan account of the Farmers Home Administration shall be available for loans under subtitle A of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1922-1929), and section 32(e) of title III of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1011(e)), to remain available until expended] $3,600,000 in loans may be insured, or made to be sold and insured, under the Agricultural Credit Insurance Fund of the Farmers Home Administration (86 Stat. 663): Provided further, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $50,000 shall be available for employment under 5 U.S.C. 3109.

This change provides for insured loans to be made, or to be made to be sold and insured, under the Agricultural Credit Insurance Fund of the Farmers Home Administration. The language authorizing loans from the direct loan account of the Farmers Home Administration is eliminated as no longer needed.

FOOD AND NUTRITION SERVICE

The 1974 Budget Estimates include the proposed changes in appropriation language explained below. New language is underscored and deleted matter is enclosed in brackets.

Child Nutrition Programs

For necessary expenses to carry out the provisions of the National School Lunch Act, as amended (42 U.S.C. 1751-1761); Public Law 91-248 and the applicable provisions other than section 3 of the Child
1 Nutrition Act of 1966, as amended (42 U.S.C. 1773-1785); [Public Law 91-248,] [$526,136,000] $690,918,000, of which [$54,840,000] $135,306,000 shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c): Provided, That of the foregoing total amount there shall be available [$237,047,000] $237,040,000 for special assistance to needy schoolchildren, [$18,500,000] $60,000,000
2 [(of which $6,500,000 shall be placed in contingency reserve to be released on determination of need)] for the school breakfast program, [$15,000,000] $16,110,000 for the nonfood assistance program, $1,500,000 for State administrative expenses, * * * *

The first change corrects an error in which the public law citation is repeated.

The second change deletes language placing a portion of the appropriation for the school breakfast program in reserve. Program growth makes this provision unnecessary in fiscal year 1974.

GENERAL PROVISIONS

Section 501: Provides authority for the purchase, replacement, and hire of passenger motor vehicles. The following changes are proposed in this section for 1973. New language is underscored and deleted matter is enclosed in brackets.

> Section 501. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department under this Act shall be available for the purchase, in addition to those specifically provided for, of not to exceed [five hundred and seventy-two (572)]seven hundred and twenty-six (726) passenger motor vehicles, of which [four hundred and thirty-nine (439)] five hundred and forty-five (545) shall be for replacement only, and for the hire of such vehicles.

The estimates propose the acquisition of 726 passenger motor vehicles from funds provided in this Appropriation Act. Of the 726 vehicles proposed for acquisition, 545 would be acquired to replace existing vehicles and 181 would be purchased without exchange of passenger motor vehicles.

Of the 181 vehicles to be acquired without exchange of passenger motor vehicles, 6 are for the Animal and Plant Health Inspection Service and 175 are for the Soil Conservation Service.

The 6 additional vehicles for the Animal and Plant Health Inspection Service would be used in the joint U.S.-Mexico Screwworm Eradication Program to be conducted in Mexico. The new vehicles will be used by the director, co-director, and other staff officials for transportation to conferences concerning the progress of the program. They will also be used for travel throughout Mexico by personnel conducting field studies and surveys of the results of the aerial release program.

The 175 additional vehicles for the Soil Conservation Service would be used to replace a like number of sedan delivery trucks. These replacements would continue the planned gradual reduction in the number of sedan delivery vehicles that have reached mileage and age requirements for disposal. This replacement of sedan deliveries with sedans will result in initial savings in acquisition costs and long-term savings resulting from the lower operating costs of sedans and the lower depreciation rate of sedans as compared with sedan deliveries.

All of the 545 vehicles to be replaced will be at least six years old or will have mileage in excess of 60,000 miles at the time of disposal, with the exception of a limited number which may become damaged beyond economical repair as the result of accidents or operation over unimproved rural roads or under other adverse conditions. More detailed explanation of the need for motor vehicle acquisitions appear in the justifications for the agencies involved.

Section 502: Provides that provisions of law prohibiting or restricting the employment of aliens shall not apply to employment under the appropriation for the Foreign Agricultural Service.

Section 503: Provides that funds available to the Department of Agriculture shall be available for uniforms or allowances therefore as authorized by law (5 U.S.C. 5901-5902).

Section 504: Prohibits the Department from issuing any prediction or forecast with respect to future prices or price trends on cotton, except as to damage threatened or caused by insects or pests.

Section 505: Prohibits the Department from purchasing twine manufactured from commodities or materials produced outside the United States except to provide materials required in or incident to research or experimental work where no suitable domestic product is available.

Section 506: Provides that not less than $1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1946, July 28, 1954, and September 6, 1958 (7 U.S.C. 427, 1621-1629; 42 U.S.C. 1891-1893), shall be available for contracting in accordance with these Acts.

Section 507: Provides that no part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

Section 508: Provides that no part of any appropriation in this Act shall be used to make production or other payments to a person, persons, or Corporation harvesting or knowingly permitting to be harvested for illegal use, marihuana or other prohibited drug-producing plants on lands owned or controlled by such persons or Corporations.